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TWENTY-SIXTH BIENNIAL REPORT

1964-1965 AND 1965-1966

NORTH CAROLINA
STATE HIGHWAY COMMISSION

ABOUT THE COVER:

A hub of highway activity in Western North Carolina is this tri-level interchange linking I-26 and I-40, southwest of Asheville, seen at right center of the cover picture. The top level is the I-26 connection to I-40 west; the second level the Patton Avenue connector joining I-26 and the Appalachian Highway System; the lower level is I-40 east. Some 300 acres and a total of some 15 structures are included in the huge construction area. Grading and structures have already run to some \$4-million.

TWENTY-SIXTH BIENNIAL REPORT
OF THE
STATE HIGHWAY COMMISSION
OF
NORTH CAROLINA

1964-1965

1965-1966

Copies of this report may be obtained from the Public Relations
Department, State Highway Commission, Raleigh, N. C.

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NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

FISCAL YEAR ENDED JUNE 30, 1965

FISCAL YEAR ENDED JUNE 30, 1966

DAN K. MOORE, *Governor*

MEMBERS OF THE COMMISSION

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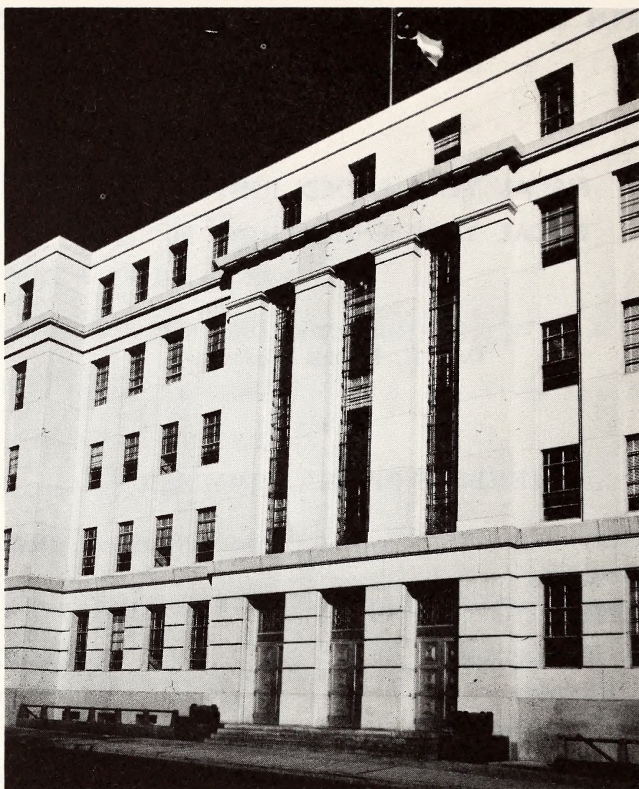
JAMES G. STIKELEATHER

W. F. BABCOCK, *Highway Administrator*

C. W. LEE, *Chief Engineer*

GEORGE S. WILLOUGHBY, JR., *Secondary Roads Officer*

JOHN L. ALLEN, JR., *Controller*



LETTER OF TRANSMITTAL

Raleigh, N. C.
January 1, 1967

THE HONORABLE DAN K. MOORE
Governor, State of North Carolina

Dear Governor Moore:

In accordance with the provisions of Section 23, Chapter 2 of the Acts of the General Assembly of 1921 (GS-136-12) we respectfully submit herewith the Twenty-Sixth Biennial Report of the State Highway Commission of North Carolina.

Sincerely,

J. M. HUNT, JR., *Chairman*

W. F. BABCOCK, *Administrator*

"When a road is once built, it is a strange thing how it collects traffic, how every year as it goes on, more and more people are found to walk thereon, and others raised up to repair and perpetuate it, and keep it alive".

—ROBERT LOUIS STEVENSON
Samoa, October, 1894

THE BIENNIUM IN BRIEF

The passage of a \$300,000,000 road bond issue, the largest in the State's history. . . .

A complete reorganization of the State Highway Commission. . . .

The beginning of a drive to close the so-called "missing links" on the Interstate System. . . .

The addition of three new motor vessels and the establishment of a new ferry route. . . .

The beginning of implementation of the Appalachian Regional Developmental Highway System approved by Congress in 1965. . . .

Approval by the Highway Commission of more than 600 new personnel for the Highway Department. . . .

Institution of a "bare pavement" program of winter maintenance. . . .

A new emphasis on highway safety and beautification as both State and Federal programs take shape. . . .

The beginning of construction of the new six-floor highway building annex in Raleigh. . . .

These and other events helped to give new impetus to an already rapidly expanding program of highway construction and maintenance in North Carolina, and were the highlights of a biennium filled with activities and improvements.

CONTRACTING ACTIVITY

The increasing effort on the part of the State Highway Commission to meet the steadily growing road needs of the State is reflected, at least partially, in the number of miles of highway construction contracted and the dollar value of those contracts over the past biennium.

In the calendar year 1965, the Commission awarded contracts on 2,152 miles of improvements on its highways and streets and secondary roads. The contracts were valued at \$56,825,132. Of this total, some \$11,480,559 was for work on the Interstate System. The remainder was distributed among the Trunk System, the Trunk Feeder System and the Rural Collector System and the Secondary System.

In the 15 years since 1950, the greatest amount of contract work, so far as dollar value is concerned, was let in 1964 when the Commission awarded contracts totaling \$83,616,400 for improvements to its overall highway and street system.

It became evident, however, in 1966, that the Commission was well on its way to a new calendar year record for total contract awards when by June 30, the counter had already clicked over to \$72,900,000 for the six month period. It was anticipated at that date the total contract awards for calendar 1966 would amount to \$110,000,000 to \$120,000,000, and would by 1967 rise to the \$200,000,000 bracket. This high level of contract activity reflects an equally high level of construction and improvements brought about by the \$300,000,000 bond program, Appalachian work and regular programs.

Of the almost \$73,000,000 in contract awards for the six months of 1966 ending June 30, some \$21,740,000 was for work on the Interstate System.

The following table shows contracting activity of the Highway Commission over the 15 years from 1950 to 1965:

CALENDAR YEAR	CONTRACT AMOUNT
1950	\$40,123,000
1951	42,201,800
1952	38,028,200
1953	36,290,700
1954	42,122,600
1955	39,049,700
1956	40,829,700
1957	65,916,500
1958	62,673,200
1959	60,387,500
1960	44,045,100
1961	58,982,000
1962	66,488,200
1963	59,248,900
1964	83,616,400
1965	56,480,100
* 1966	72,900,000

* Total contract awards for six months ending June 30, 1966

THE STATE'S HIGHWAY SYSTEMS

North Carolina, geographically speaking, is not a large State. It measures only slightly more than 500 miles in length, and is only about 200 miles wide, yet within its borders is contained the largest system of roads, streets and highways under the jurisdiction and control of a single state agency.

From the year 1921, when an act of the legislature called on the State to "... lay out, take over, establish and construct, and assume control of approximately 5,500 miles of hard-surfaced and other dependable highways running to all county seats ..." the responsibilities have steadily grown.

From that beginning of 5,500 miles some four and a half decades ago the system of roads under the jurisdiction of the North Carolina State Highway Commission has grown to almost 73,000 miles.

This vast network of highways for which the Highway Commission has financial responsibility can be broken down into four categories, Interstate, Primary, Secondary and Urban.

Each of these systems has its own function and its own peculiarities of construction.

THE INTERSTATE SYSTEM

The 41,000 mile National System of Interstate and Defense Highways was authorized by Congress in 1956 following a series of studies and debates stretching back to late 1930's.

The system was to be developed to connect the nation's major cities and to provide for the free flow of commerce, to cut travel time between cities and to reduce traffic congestion, to improve highway safety and to strengthen the national defense capabilities. It is the biggest roadbuilding program the world has ever known.

North Carolina is no "johnny-come-lately" to the interstate highway construction scene having done the corridor locations for its five routes as early as 1947, and having expended some \$60,000,000 on construction of the system before Congress made 90 percent Federal financing available in 1956.

Neither is North Carolina giving up its traditional role as a national leader in interstate highway construction today. Since funds were first made available from the Highway Trust Fund, the State has spent more than \$174,000,000 on the Interstate System, exclusive of right-of-way and other engineering costs. In addition, the State has completed approximately half the Interstate mileage allocated to it.

The Interstate System in North Carolina breaks down into five routes: Interstate 26, Interstate 40, Interstate 77, Interstate 85, and Interstate 95—total allocated mileage is 770.

Interstate 85 is the "long route" on the North Carolina System, comprising almost a third of the total allocated mileage. The route

begins in Virginia and ends at Interstate 65 in Alabama and traverses North Carolina for some 233 miles, entering just north of Henderson and leaving just south of Kings Mountain. This route serves the major cities of the so-called "Piedmont Crescent" including Henderson, Durham, Greensboro, High Point, Lexington, Charlotte and Burlington.

Only slightly shorter than I-85 is I-40 which rises at Interstate 85 in Greensboro, serves Winston-Salem as the State's only urban Interstate section, winds its way west to Asheville, then up the rugged Pigeon River Gorge of Haywood County and exits into Tennessee. When finally completed, the route will stretch all the way to Barstow, California, with 219 miles of it in North Carolina.

The third longest of the Interstate routes in North Carolina is Interstate 95. This is the Eastern North Carolina Interstate, running for some 182 miles along a north to south line between Roanoke Rapids-Weldon, where it enters from Virginia, to just south of Lumberton, where it makes its way into South Carolina.

There are two so-called "short interstate routes" in North Carolina. The first of these is I-77 which enters the state near Mt. Airy from Virginia. The route's northern terminus is in Cleveland, Ohio, but it traverses this state for only 96 miles across Surry, Yadkin, Iredell and Mecklenburg counties. The route ends at Charlotte.



The section of I-85 at Greensboro once known as "Death Valley" is being widened to six and eight lanes and will provide a valuable bypass for the Greensboro Urban Area. Completed project is expected to run to more than \$5-million.

The other of the two is I-26. This one could be called the "Interstate of the Carolinas". It rises at Interstate 40 at Asheville, heads south through the Saluda Valley and enters South Carolina near the Polk County town of Columbus, a distance of only slightly more than 40-miles. The route continues on, however, to the South Carolina port city of Charleston.

At the close of the biennium, North Carolina has completed to standard and opened to traffic a total of 353.5 miles of its Interstate System, with additional important segments under construction and set for opening later in 1966 and in 1967.

Interstate 85 has most miles completed, a total of 133.6, or about half its final length. Included in the completed sections are the 42.4 miles from the North Carolina-South Carolina State line to Charlotte, including the Charlotte Bypass; 20.8 miles from China Grove to Lexington; 51.7 miles from Greensboro to Durham; and 18.7 miles from Henderson to the North Carolina-Virginia State line.

Almost as much mileage has been completed on Interstate 40, as final figures for the biennium show 119.4 miles of this important east-west artery completed to standard and opened. The opened segments include the 9.8 mile Canton Bypass (from Clyde to Luther); the 47.6 mile link from Old Fort to Hildebran; 22.2 miles



Grading underway on section of I-95 between Gold Rock and Weldon. Section is expected to be completed, including paving, by fall of 1967, and with Gold Rock-Battleboro connector will give motorists four-lane highway from NC-VA. to NC-SC line via the Interstate and US-301.

from Conover to the completed Statesville Bypass; and from NC 801, west of the Yadkin River, to Greensboro.

A total of 87 miles has been completed on Interstate 95 across Eastern North Carolina. The opened segments include 8.6 miles from the North Carolina-Virginia State line to US 158 between Roanoke Rapids and Weldon; 51.7 miles from Eastover, near Fayetteville, to Kenly near the Johnston-Wilson County line; and 26.7 miles from just south of Lumberton at US 74 to NC 59 at Hope Mills.

Two segments of Interstate 77 have been completed, the 5 mile Elkin Bypass and the 8.7 mile Statesville Bypass.

On Interstate 26, some type of construction activity is underway on virtually the entire length of the route in the State with important segments between East Flat Rock and Fletcher; Columbus and the N. C.-S. C. State line; and Fletcher and NC 280 nearing completion.

When the Interstate System was originally planned it was anticipated that the 41,000 mile system would be completed by 1972, but recent drains on the Highway Trust Fund, the war in Vietnam and other economic factors have combined to change that date.

Currently the huge system is scheduled for completion in 1975, provided there are no additional funding delays.



This aerial shot shows construction underway on section of I-85 at Concord. One of several projects underway in the area to close the gap between Charlotte and Kannapolis.



Massive Pigeon River Gorge project on I-40 where cuts are as high as 70-story buildings. Roadway cuts through rugged Smoky Mt. for 22 miles, grading cost \$1-million a mile.

The biggest need so far as the North Carolina Interstate System is concerned is the closing of the so-called "missing links", especially those which have traffic spilling off four-lane divided interstate facilities onto two-lane primary highways.

The two priority areas are Interstate 85 between Durham and Henderson where preliminary planning and right of way acquisition are in progress, and Interstate 40 between the completed section at Hillsdale in Davie County across to the Statesville Bypass. Contracts on this section are expected to be let in the spring and summer of 1967.

Another so-called "missing link" now under construction is the area of I-95 between Weldon and Gold Rock, including a connector between I-95 at Gold Rock and US 301 at Battleboro. When this almost 30-mile link of Interstate is completed, travelers will be able to use a four-lane highway all the way from the Virginia line to the South Carolina line by traveling I-95 and US-301.

INTERSTATE SYSTEM PROJECTS COMPLETED

The following projects were completed on the Interstate System during the biennium:

I-26:

Grading and structures along 16.8 miles from NC-280 south of Asheville to east of Flat Rock at a cost of \$4,563,364.

I-40:

Construction of paved shoulders on the 16 mile section between Kernersville and Greensboro at a cost of some \$790,223.

I-77:

The 8.6 mile long Statesville Bypass from a point East of Troutman to north of Statesville was regraded to meet Interstate standards, paved structures were built and the facility was signed and fenced at a cost of \$3,106,626. This does not include work done prior to the allocation of I-77 mileage for North Carolina.

I-77:

The paving, fencing and signing of the Arlington-Jonesville-Elkin Bypass and one bridge over the Southern Railway and the Yadkin River. This project was done at a cost of \$2,192,216 and does not include the cost of grading, highway separations and a parallel bridge across the river which were completed in 1964.

I-85:

The one mile gap south from the Virginia line was completed and opened to traffic on November 24th, 1965. The short section of the Interstate which was jointly dedicated by the North Carolina and Virginia Highway Departments at the NC-Va. line, was completed for \$584,390.

I-95:

The Lumberton Bypass was originally built prior to the higher design standards applicable to the Interstate system since 1957. In order to bring the section up to current standards, it was necessary to reconstruct the shoulders, adjust all structures, close median openings and place new surfacing material. This was done at a cost of \$1,489,345.

PRIMARY SYSTEM

In 1921 an act of the General Assembly directed a newly created State Highway Commission to "lay out, take over, establish, and construct, and assume control of approximately 5,500 miles of hard-surfaced and other dependable highways running to all county seats, and to all principal towns, State Parks, and Principal State Institutions and linking up with State Highways of adjoining States and with National Highways into National forest reserves by the most practicable routes, with special view to development of agriculture, commercial and natural resources of the State and for further purpose of permitting the State to assume control of the State Highways, repair, construct and reconstruct and maintain said highways at the expense of the entire State, and to relieve the counties and cities and towns of the State of this burden."

From this beginning, the Primary Highway System of the State of North Carolina has grown to 11,560 miles (including the Interstate) and is the basic arterial network providing service for the entire State.

The system itself is divided into three major categories:

THE TRUNK SYSTEM comprising the most important 2500 miles of numbered highway and designed to handle large volumes of traffic at high speeds.



Grading and structure work had been completed on this section of US-21 south of Charlotte at time this photograph was taken. Project ends at NC-SC state line.



This aerial view of the new Roanoke River Bridge at Plymouth shows jungle-like area in which span is being constructed. Tons of muck had to be removed and displaced in constructing superstructure and roadway approaches. Completed project will run to \$3,000,000.

THE TRUNK FEEDER SYSTEM is the approximately 3000 miles of highways where traffic has predominantly shorter trips and where the motorist is moving to the trunk system or to smaller communities.

THE RURAL COLLECTOR SYSTEM comprising the remaining 6000 miles of the primary system. These are the important routes which feed traffic from the secondary system to the Trunk and Trunk Feeder routes and serving primarily abutting land use with traffic having mainly shorter trips.

Although there has been a good deal of progress made in upgrading the primary system—the four-lane mileage has more than tripled since 1957—with continued population growth and rapid industrialization, there will be a continuing need for additional four-lane mileage on this system. Although there will be somewhat less demand for four-lane segments on the Rural Collector System than on the Trunk and Trunk Feeder Systems, many of the collectors have poor alignment and need to be widened to accommodate today's traffic volumes at the desired speeds.

Some of this need will be met with funds from the \$300,000,000 road bond issue, but because there is no end in sight to the upward trend in highway use and motor vehicle registration, additional needs will develop almost as rapidly as improvements are made.

The following are some of the projects completed during the biennium on the Primary System:

US-17:

The Perquimans River Bridge at Hertford which is a companion project to the Hertford Bypass on which work is now in progress. \$735,703

US-1:

Widening of the facility for 4.8 miles south from the end of the Sanford Bypass. \$730,216 for grading and paving.

US-1:

Resurfacing and shoulder construction along 10 miles of the Henderson Bypass. \$364,352

US-1:

The relocation, paving, fencing and signing of US-1 between Apex and Merry Oaks, a distance of 10.6 miles. \$1,157,436.

US-64:

The widening to a four-lane divided facility of 2.4 miles from just east of Knightdale to the beginning of the Wendell Bypass. \$769,605.

US-220:

This relocation was completed as a high type four-lane limited access facility from Wake to NC-49-A bypassing Asheboro on the west. The 9.3 mile contract was for paving, signing and fencing and follows completion of grading and structures work in 1964. \$1,930,678.

US-74:

Contracts for grading and structures on the Laurinburg Bypass, a four-lane limited access facility, completed at a cost of \$2,334,724

US-19-23:

The Weaverville Bypass relocation as a four-lane divided facility. Grading and structure contracts for the 7.4 mile section have been completed, paving is underway.

IN WINSTON-SALEM:

The section of the North-South Expressway between Northwest Boulevard and Peden Street completed at a cost of \$2,534,508 for 2.1 miles. The grading and structures contract on a 3.7 mile connection between Zirconia and I-26 was completed at a cost of \$1,134,691. When paving is completed, the section will serve as a bypass facility for the Flat Rock-Hendersonville areas.

US-158:

Widened to 24-foot roadway and resurfaced for 11.1 miles between Barco and Grandy at a cost of \$410,741.

US-301:

Construction of an additional 24 foot lane pair with a 30 foot divider between the end of the Rocky Mount Bypass and Battleboro. Cost of the 4 mile improvement was \$725,121.

US-264:

The widening of the facility to 24 foot pavement width for 9.5 miles between Farmville and Greenville was completed at a cost of \$682,086.



New Wright Memorial Bridge across Currituck Sound constructed at a cost of \$3.3 million. Picture shows old swing-span bridge which modern concrete fixed span replaces. Dismantling of old bridge was included in construction contract.

US-701:

The widening and resurfacing of the highway from Newton Grove to the junction with Interstate 95 southwest of Smithfield was completed at a cost of \$976,942 for 14.8 miles.

US-701:

The modernization of the facility between Clinton and Keener at a cost of \$341,018 for 6.7 miles.

NC-87:

Widening and resurfacing of 4.1 miles between NC-141 and Riegelwood for \$266,965.

US-401:

Widened and resurfaced along the 8.7 miles between Neals Creek and the Wake County line at a cost of \$551,977.

US-401:

An additional four-lane pair built from about a mile south of Raleigh to Middle Creek, a distance of 6.5 miles for a cost of \$1,064,225.

US-601:

Relocation of the facility providing a more direct route to the Central Business district of Monroe. The 2.3 mile section was built for a cost of \$448,289.

NC-43:

Widening and resurfacing from Pinetops to the ACL railroad in Rocky Mount was completed for \$494,868 for the 14.7 miles.

NC-125:

Widening and resurfacing of the highway for 13.5 miles between Hamilton and Hobgood was completed for \$774,174.

NC-11:

Widened and resurfaced for a distance of 12.3 miles between Bethel and Oak City at a cost of \$558,629.

NC-58:

Widening and resurfacing of the highway for 13.4 miles between US-13 and Stantonsburg at a cost of \$838,842.

NC-770:

This relocation of the highway in the vicinity of Stoneville will provide more direct routing and shorten the travel distance between Leaksville and points west of Stoneville by some 2.5 miles.

US-29:

Widening of the facility to four-lanes divided with turn lanes along the 7.9 miles between the Catawba River Bridge and Gastonia was done for \$2,174,561.

NC-163:

A two point nine (2.9) mile section of the highway was reconstructed between Othello and US-221 at a cost of \$407,321.

NC-226:

The relocation and general reconstruction of this facility between Spruce Pine and Bakersville was completed at a cost of \$1,720,457 for the 7.5 miles.

US-70:

Widened and resurfaced for 3.6 miles from Gudgers Bridge to US-74 at a cost of \$725,829.

IN ADDITION to these projects, the new Wright Memorial Bridge across Currituck Sound was completed for \$3,300,000. The 14,866 foot long fixed span bridge replaces an older swing span bridge.

Also completed was a new bridge across the Pamlico River on US-17 at Washington. The 1200 foot long structure replaces an older two-lane structure. The new bridge is fully light and provides pedestrian walkways on either side. Cost: \$950,000.

URBAN HIGHWAY SYSTEM

North Carolina is a national leader in the development and implementation of urban transportation plans, and by the end of the biennium some 60 thoroughfare plans, jointly developed by the Highway Commission and the municipalities, had been completed and adopted.

There are some 500 incorporated cities and towns in the State with almost 12,000 miles of streets. Of this amount some 3,000 miles are the extensions of Primary and Secondary roads inside the municipal boundaries.

In 1959, the General Assembly passed legislation directing the Highway Commission and the municipalities to work together in the development of plans for the improvement of city streets and thoroughfares. The plans would be designed to cover the 20-year needs of the municipalities.

The same act of the legislature directed the Highway Commission as to which of the city streets would become the responsibility of the State and those which would remain the responsibility of the towns and cities. This joint responsibility assures joint implementation of the plans developed.

Thanks to the foresight of the State's highway planners and to the General Assembly, the requirement of the Federal Highway Act of 1962 that Federal-aid would be withheld from urban projects in cities of 50,000 which did not participate in joint State-Municipal comprehensive transportation planning had little meaning in North Carolina.

Each of the State's eight cities of more than 50,000 population; Asheville, Durham, Charlotte, Fayetteville, High Point, Raleigh, Greensboro and Winston-Salem, developed and adopted such plans well in advance of the July 1, 1965 deadline.

Each of the thoroughfare plans is developed to handle local traffic, and through traffic on the individual municipalities streets and highways.

Origin and Destination studies conducted by the Highway Commission's Planning Department have shown that the majority of all traffic is local, but in order to make the local streets and thoroughfares as capable as possible of carrying this local burden, bypass routes have been constructed to keep through traffic off these local thoroughfares.

The Highway Commission's aid to the municipalities does not end with the joint development and implementation of thoroughfare plans. On the contrary, under provisions of a 1951 act of the General Assembly, known popularly as the Powell Bill, the Highway Commission has returned some \$98,976,570 in gasoline tax money to the cities and towns for use on local streets.

The bill provides that one-half cent of the six cents per gallon motor fuel taxes be returned to the municipalities each year which file necessary tax and budget data with the Highway Commission's Planning Department.

In the first year of its operation, 386 municipalities received \$4,543,096 under the Powell Bill; 422 cities received \$8,776,008 in 1965, with the total expected to go over \$9,000,000 in 1966.

SECONDARY ROADS

When the State Highway Commission assumed responsibility for construction and maintenance of all secondary roads in the state, it acquired from the counties a 47,000 mile system of farm to market roads in ill-repair and with only 654 paved miles. That was in 1931.

As of January 1, 1966, the Highway Commission's Secondary Road System, totaled 59,782 miles (including the secondary roads inside the municipalities) with 31,428 miles paved and an additional 18,000 miles graded and stabilized to the point that they are considered all weather roads.

With the improvements which have occurred in the past several years and with more of the rural population now working in the shops and factories of the urban areas, secondary roads can no longer be considered strictly farm to market roads and their use has increased sharply.

To insure that secondary roads are constructed where they are most needed, the Highway Commission has adopted a policy of allocating the largest amount of secondary road funds to the counties with the greatest number of unpaved secondary mileage. (This applies to funds from the \$300-million road bond issue of 1965 and to regular secondary road allocations.)



Typical well-constructed rural secondary road with both center and edge lines and good alignment. Roads which once were strictly farm to market now also serve as avenues for rural-urban commuters.

To further insure spending secondary road funds on the basis of need, the Commission has developed a points priority rating system for the rating of each unpaved road in the State on a county-wide basis.

Under this system, each unpaved road in a given county is rated according factors which include traffic volume and type, grade and alignment, school bus useage, roadside land development, etc. The rating of an individual road is based on the total number of points for each of these items. The road with the highest point total in each county becomes Priority Number 1, with the other roads being assigned a priority after that according to points totals.

The Secondary Roads Department of the Highway Commission paved a total of 1,557 miles of secondary roads during the biennium and made other general improvements to an additional 1,943 miles of unpaved roads.

During the 1965-66 fiscal year, the Secondary Roads Department had some \$60-million available to it for the maintenance and construction of secondary roads.

THE HIGHWAY BOND ISSUE OF 1965

With the same sense of urgency and drama which must have existed at the 1921 approval of the first \$50-million road bond issue in the State's history, North Carolina voter's went to the polls in November 1965 to give overwhelming approval to an historic \$300-million road bond issue designed to allow the State's road-building to keep pace with its road needs.

The State's population is swelling steadily and its industrial community is growing at an unprecedented pace, thanks to all-out recruiting in the mid-fifties, and by 1965 it had become obvious the state would be unable to meet its highway needs in the seven years from 1965 to 1972 with the funds available from the usual revenue sources.

Governor Dan K. Moore had mentioned the possibility of a road bond issue during his gubernatorial campaign, and alluded to it in his inaugural speech.

In his first address as Governor to a joint session of the Legislature, Moore asked the members to authorize a \$300-million road bond issue to be financed with no increase in taxes, by continuing the one-penny per gallon tax on motor fuel which was used to finance the Secondary Road Bond issue of 1949. The last of that \$200-million issue was to be retired in 1966.

Thorough studies by the Highway Commission indicated that there was no end in sight for the upward trend in highway use, in North Carolina, and its 1962-1963, 1963-1964 biennial report showed that highways needs over the seven year period from 1965 to 1972 would total \$1,150,000,000. Breaking that down to systems, \$617,000,000 would be needed for primary highway construction; \$260,000,000 for rural secondary construction; and \$273,000,000 for urban highway construction.

The report further indicated that only about half the total amount necessary for construction during that seven year period would be available from regular sources, that is \$590,000,000.

With the \$300,000,000 road bond issue, the State could meet approximately 77 percent of its road needs; without it only about 50 percent.

In his address, Governor Moore pointed out to the Legislature in detailed fashion how the money would be spent. He recommended that \$150,000,000 be spent on primary construction; and \$75-million each on secondary and urban construction.

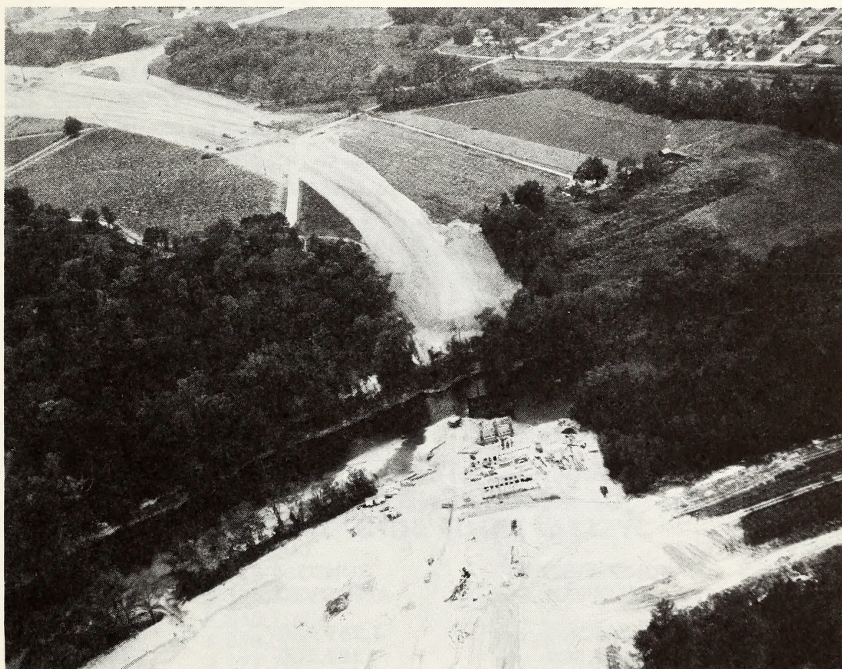
The legislation which was passed into law calling for a bond referendum further spelled out that funds for primary highway construction would be allocated to the highway divisions; funds for secondary road construction would be allocated to the counties; and funds for urban construction would be allocated to the municipalities.

Under the bond program, construction is based on need. The

primary money is allocated to the divisions on the basis of miles of rural primary highways. Secondary road money is allocated on the basis of number of unpaved miles, that is, the county with the greatest number of unpaved secondary mileage gets the greatest share of the \$75-million. Urban bond money is allocated on the basis of population.

After legislation calling for a bond referendum on November 2, 1965 had cleared both houses, a statewide campaign to drum up grassroots support for the bond issue was mounted. J. M. Hunt, Jr., the newly appointed Chairman of the State Highway Commission led a tour of the State which took representatives of the Highway Commission into each of the 100 counties, and Hunt and his staff to 95 out of the 100.

In addition to this campaign, a statewide organization, the Governor's Better Roads Committee was formed with Smithfield Banker Robert P. Holding, Jr. at the helm. To carry the bond issue to the people, the slogan: "If You Want Better Roads, Vote For Them . . . it's as simple as that", was adopted, and used effectively, for on November 2, out of some 320,000 persons voting, 245,194 voted for the bond issue.



This aerial view shows construction of the Tarboro Bypass and its accompanying Tar River Bridge on US-64. Project is financed by funds from \$300-million road bond issue.

Tarheels are not strangers to voting in bond referendums for highway improvements. In the 44 years between 1921 and 1965 they trekked to the polls 7 times to approve road bond issues ranging in value from \$10-million to the current \$300-million.

Just as the people had again shown their willingness to approve bonds for highway construction, the Highway Commission was quick to show its willingness to get on with the big highway program that bond issue would finance.

The Commission immediately began the tooling up process. Additional personnel was authorized. Meetings involving every member of the Highway Commission and the key members of the Highway Staff were begun with county and municipal leaders around the State. The talks were the beginning of the development of highway projects to be constructed with funds from the \$300-million bond issue.

But even while the tooling up was still in progress, the Commission began authorizing funds for the preliminary engineering, design, and in some cases the actual construction, of projects throughout the State.

By June 1966 funds totaling \$18,623,329 had been authorized for construction on the Primary System; \$11,664,630 on the Secondary System; and \$8,673,070 on the Urban System.

Funds from the \$300-million bond issue will allow the Highway Commission to speed the improvement of such major routes as US 70 between the port at Morehead City and Raleigh, and between the Capital and Interstate 85 at Durham. Bond funds will pay for improvements to US-74 inland from the port at Wilmington, and to US 421 from Wilmington, north into the Piedmont, and many others.

Bond funds will finance improvements to such major urban projects as the Northwest Expressway and Eastway Drive in Charlotte; Elizabeth Street in Elizabeth City and many others.

Under the Highway Bond Act of 1965, the Highway Commission is able to obligate \$60-million each year until \$300-million is reached. In the months between January and June of the first year after passage of the bond issue, the Commission approved the spending of \$38,961,029 in bond funds. The following tables give a break down of the authorizations by highway division:

NORTH CAROLINA STATE HIGHWAY COMMISSION STATEMENT OF BOND FUNDS APPROVED—PRIMARY SYSTEM AS OF JUNE 30, 1966

DIV.	BOND FUNDS RESERVED	FUNDS APPROVED	BALANCE
1	13,205,200	3,269,750	9,935,450
2	11,052,000	385,200	10,666,800
3	12,188,000	821,000	11,367,000
4	13,324,000	1,840,500	11,483,500
5	10,192,200	2,155,000	8,037,200

6	14,373,000	352,500	14,021,100
7	9,721,000	169,400	9,551,600
8	11,095,900	2,912,300	8,183,600
9	8,377,100	14,100	8,363,000
10	8,095,700	328,379	7,767,321
11	10,251,600	624,700	9,626,900
12	8,506,200	941,100	7,565,100
13	10,161,200	1,631,900	8,529,300
14	9,456,300	3,177,500	6,278,800
TOTALS	150,000,000	18,623,329	131,376,671

**NORTH CAROLINA STATE HIGHWAY COMMISSION
STATEMENT OF BOND FUNDS APPROVED—SECONDARY
SYSTEM AS OF JUNE 30, 1966**

DIV.	BOND FUNDS RESERVED	FUNDS APPROVED	BALANCE
1	3,948,800	627,600	3,321,200
2	4,395,900	939,170	3,456,730
3	4,782,000	1,538,300	3,243,700
4	4,158,200	621,438	3,536,762
5	6,098,000	1,259,061	4,838,939
6	4,996,600	984,800	4,011,800
7	5,770,700	619,375	5,151,325
8	5,597,100	910,030	4,687,070
9	4,989,900	900,020	4,089,880
10	3,593,500	816,005	2,777,495
11	9,073,100	1,254,431	7,818,669
12	4,853,100	859,500	3,993,600
13	5,897,100	334,900	5,562,200
14	6,846,000	0	6,846,000
TOTALS	75,000,000	11,664,630	63,335,370

**NORTH CAROLINA STATE HIGHWAY COMMISSION
STATEMENT OF BOND FUNDS APPROVED—URBAN
SYSTEM AS OF JUNE 30, 1966**

DIV.	BOND FUNDS RESERVED	FUNDS APPROVED	BALANCE
1	2,365,600	887,000	1,477,900
2	4,426,200	1,665,200	2,761,000
3	3,472,300	195,000	3,277,300
4	6,287,200	834,525	5,452,675
5	8,851,700	133,125	8,718,575
6	4,245,900	1,297,500	2,948,400
7	10,951,300	0	10,951,300
8	2,956,000	258,530	2,697,470
9	7,168,000	310,000	6,858,000
10	10,375,100	2,236,250	8,138,850
11	1,848,700	466,390	1,382,310
12	6,338,300	107,200	6,231,100
13	4,177,700	92,050	4,085,650
14	1,536,000	189,600	1,346,400
TOTALS	75,000,000	8,673,070	66,326,930

THE APPALACHIAN DEVELOPMENTAL HIGHWAY SYSTEM

In addition to the improved highway mileage to be provided the State through programs financed by the \$300-million road bond issue, The Highway Trust Fund, and regular Federal and State sources, the State's two westernmost highway divisions—13 and 14—found themselves the recipients of additional funds during the latter half of the biennium.

In 1965, as part of an overall program to generate new growth momentum in the 12-State Appalachian Region, Congress passed legislation creating and funding an Appalachian Regional Developmental Highway System; a system which would improve major access corridors to open the way for new money and new people to flow into the "mountain locked" Appalachian Region.

North Carolina's share in this program comes to 200 miles and approximately \$120-million in Federal funds.

This system of developmental highways will give North Carolina valuable new access to points in the west and the south, and since the Appalachian System ties into the Interstate System at Clyde, it will open the way for traffic to flow up from the Coastal Plain, across the Piedmont of North Carolina and into the hill country, thus, benefitting the entire State.

The 200-mile Appalachian System in North Carolina is broken down into three corridors, the general corridors of which the U. S. Bureau of Public Roads and the State Highway Commission have already determined.

In addition to the work being done on route studies by the Highway Commission a total of 12 consultant engineering firms have been retained by the Commission to complete route studies and to do extensive design work on the system.

After these studies have been completed, the routes will be finally located and tied down with the approval of the Appalachian Regional Commission.

Within the overall Appalachian System, North Carolina is assigned corridors, A, B, and K.

The first of these is a doorway to Atlanta and other areas of the deep South and begins at the Georgia-North Carolina State line and from there, just south of Hayesville in Clay County, follows the general alignment of NC Highway 69 to US-64, and then along the general route of US-64 to the Franklin Bypass. From that point, the corridor goes generally along US-441 and US-23 to Dillsboro, crosses the mountains along US-19-A-23 to Waynesville where it ties into Interstate 40 at Clyde.

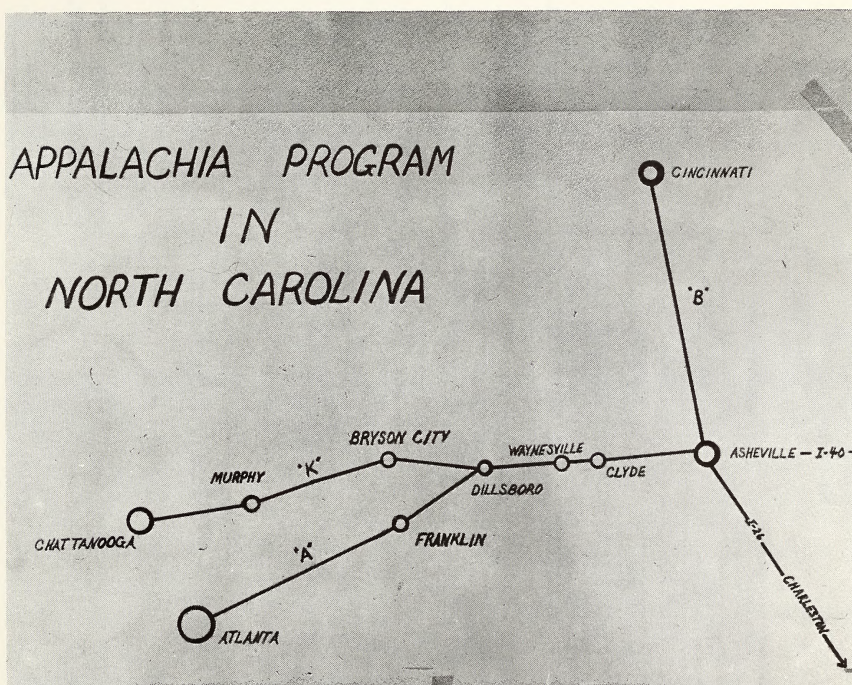
The corridor will open the way to the market area of Atlanta and will also help to generate new tourist travel from the deep South into the mountain resort areas, especially in the summer season.

Corridor B begins at the huge interchange of Interstates 26 and 40 at Asheville following the general alignment of US-19A-23 to Weaverville and Mars Hill, then along US-23 to the North Carolina-Tennessee State line at Sam's Gap.

Corridor K begins at the North Carolina-Tennessee State line at the most southwestern tip of the State. Entering North Carolina, it follows the general path of US-64 to Murphy, then along US-19 and US-129 to Topton. From here, the route swings along US-19, bypassing Bryson City. The route then follows US-441 from Whit- tier, tying into Corridor A at Dillsboro.

These latter routes will open the way for new trade and tourist travel across the western barrier mountains, and in conjunction with Interstate 40, will provide much needed improved access to the markets of Tennessee, the Mississippi Valley and the Midwest.

At the close of the biennium, work was progressing on projects on corridors A and B. On corridor A, work is underway on the section from the Jackson-Haywood County line to the Southern Rail- road tracks near Lake Junaluska at Waynesville.



The 200-mile Appalachian System in North Carolina to be constructed with 70 percent Federal, 20 percent State funds will give new improved access to the State's westernmost counties.

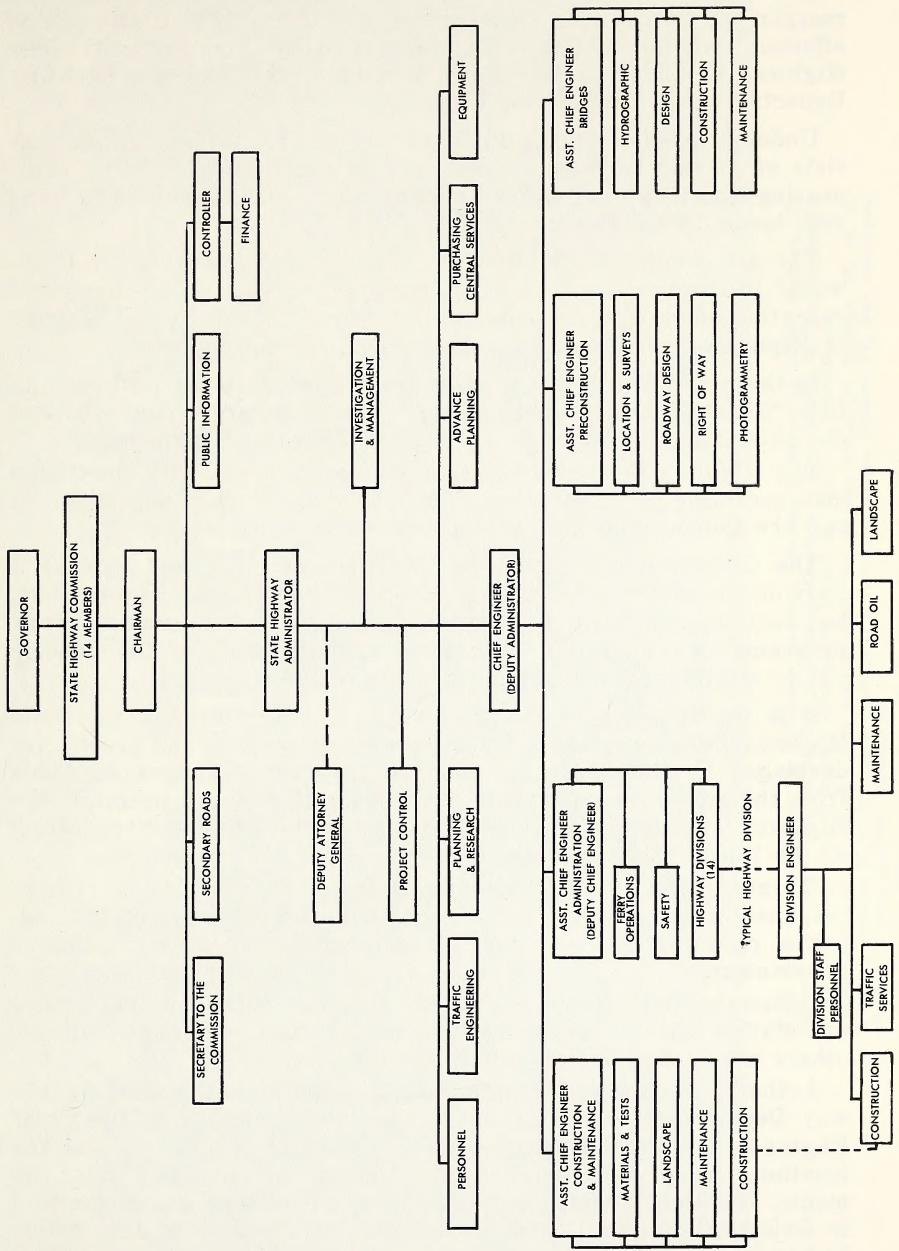
On corridor B, work is proceeding on a section from the interchange of Interstate 26 and 40 and in the area between New Bridge at Asheville to just north of Weaverville. (The Weaverville Bypass)

The contracts already let and underway are valued at \$5-million. Others are expected to go to contract over the next several months with consultant engineers working as rapidly as possible to complete route studies and to get design underway.

The Appalachian System, "Appalachia" as it is popularly known in North Carolina, is financed jointly by the Federal and State governments with the Federal Government paying 70 percent, the State 30 percent.

Unless there is a cutback in Federal highway expenditures in light of new governmental fiscal policies dictated by the War in Vietnam, the Appalachian System is scheduled to have every allocated project underway by 1971.

NORTH CAROLINA STATE HIGHWAY COMMISSION ORGANIZATION



ORGANIZATION

The North Carolina State Highway Commission was completely reorganized by the 1965 General Assembly. The 1965 Highway Act affected both the two basic components of the highway body: The Highway Commission, the policy making board, and the Highway Department, the engineering arm.

Under provisions of the 1965 act, the Highway Commission consists of 14 members—one from each of the State's highway engineering divisions—and a full-time chairman, each appointed to four-year terms by the Governor.

The act combined the titles "Chairman" and "Director of Highways" in one post, with the Chairman acting as the full-time chief executive officer for the commission. Formerly, the post "Director of Highways" was held by a career engineering employee.

In the new plan of organization there is created the position and title "State Highway Administrator" who is a career employee and the chief administrative officer for the Highway Department.

The Highway Commission meets once each month with the Chairman presiding at all meetings. The Chairman is also empowered to call the Commission into special session.

The Commissioners represent the State at large and vote as a body on the award of contracts, adoption of ordinances and the like, but each commissioner is responsible for the development of road programs in cooperation with local officials, and for the general public relations in his own geographic region.

It is the function of the Highway Administrator and the State Highway Department to carry out the rules, policies and procedures developed by the Chairman and the Highway Commission. Aside from the general management of the overall highway program, the Highway Administrator is responsible for the day-to-day operation of the 73,000 highway system.

Working directly with the administrator in carrying out these responsibilities are the finance, location, right-of-way, design, advance planning, project control, personnel and public relations departments.

Under the new plan of organization, public relations and finance are staffed directly to the Chairman and the Commission; all the others are staffed to the Administrator.

Authority for the wide-ranging engineering activities of the Highway Department are delegated by the Administrator to the Chief Engineer. The Chief Engineer, also a career employee, oversees the location, design and detailed planning of all highway improvements. Location, design and right-of-way operations are centralized in Raleigh, but actual construction and maintenance of the system is handled by field forces under the supervision of the 14-division engineers.



Front Row, Left to Right: *B. Cameron Langston, Division 2; Raymond Smith, Division 11; Thomas Harrington, Division 7; George Hundley, Division 9; Carl Renfro, Division 4; Ashley Murphy, Division 3; Carl Meares, Division 6; Joseph M. Hunt, Jr., Chairman.
Second Row, Left to Right: Curtis Russ, Division 14; George Broadrick, Division 10; W. B. Garrison, Division 12; J. B. Brame, Division 5; James Stikeleather, Division 13; Don Matthews, Division 1; John McNair, Division 8.

* Died October 1966, succeeded by W. W. Exum December 1966.

In addition to its construction and maintenance duties, the Highway Department staff is also charged with management of its own fiscal affairs, planning and research in conjunction with the U. S. Bureau of Public Roads and North Carolina State University, and the joint development of long range "thoroughfare plans" for the cities and towns of North Carolina, among other things.

The same 1965 act of the legislature which reorganized the State Highway Commission also set up the machinery for holding meetings out of the Capital City each year.

The law directs the Commission to hold at least three meetings outside Raleigh each year; one in a city or town east of Raleigh, one in a city or town west of Raleigh but east of Hickory, and one in a town west of Hickory.

The Commission is directed by law at these meetings to "... in addition to its other business, be available to the members of the public who wish to be heard regarding highway matters".

The first out of Raleigh meetings were held in March, April and June, 1966, in the cities of Wrightsville Beach, Durham and Asheville, respectively.

MAINTENANCE

Highway maintenance is the never ending task which goes on all year round and in all kinds of weather in the overall highway program. It involves the patching of roads, the sealing of roads to keep them waterproofed, the mowing of vegetation along the roadside and in median strips, the clearing of debris from side ditches and outfalls, the collection of trash and litter, and the clearing away of ice and snow.

It is easy to see that on North Carolina's 73,000 mile highway system, this task is not only never-ending, but is immense in its proportions.

Highway maintenance in this State ranges in cost from \$450 per mile for an unpaved road to some \$900 per mile for a paved Secondary Road and \$4500 for a mile of Interstate type highway. This immense job requires the efforts of 7,000 full time employees (of which about 50 percent is prison labor) and an annual expenditure of some \$60-million.

One of the most important developments in the maintenance program in recent years was instituted during the past biennium. A program of "bare pavement" winter maintenance was developed and begun on a limited basis in 1965.

In years past, the Highway Commission simply pushed snow and ice off the pavement and applied sand and other abrasives on the remaining icy spots. This will continue on most roads, but on the Interstate System and designated Primary routes where traffic volumes are high, chemicals will be used.

In today's society, the motorists' need and desire to "keep moving" doesn't stop because of inclement weather.

Under the bare pavement program, chlorides are applied in the early stages of snowfall (before an eighth of an inch has accumulated) and because of the heat generated by the mixing of the salts and the wet snow to make brine, a slush is formed which can be scraped off. The slush removal and chloride application cycle continues until snow stops falling and pavements are clear.

This system instituted for the winter of 1966 was hard pressed to meet the demands of a fast moving blizzard which, unlike most of those which hit North Carolina, moved generally from east to west.

The storm hit late in January, it swept up tides on the coast inundating a portion of NC-12 on the Outer Banks and sections of US-158 business at Kill Devil Hills, and left a thick blanket of snow (up to three feet in Piedmont and Mountain areas) all across the State. Snow fell intermittently on January 26, 29, and 30 and on the night of February 1, with the Eleventh Division particularly hard hit.

This northwestern area of the State—referred to by maintenance personnel as the "ice box"—comprises Ashe, Alleghany, Avery, Cald-



Mowing roadside vegetation and the removal of snow and ice are vital parts of the year round program of highway maintenance in North Carolina.



well, Surry, Watauga, Wilkes, and Yadkin counties received drifts 15 feet deep, 500 feet long, with temperatures near zero and winds of up to 50 miles per hour.

Operation of the bare pavement program in other sections of the State cleared roads rapidly and freed men and machinery for transfer into the "ice box".

More than 100 men and 31 pieces of equipment were moved into the stricken area on February first from as far east as Wilmington and Greenville, and by the next day, despite the accumulation of an additional two inches of snow in some areas, all primary roads in the division were opened and 50 percent of secondary roads were passable across the division.

Damage to primary and secondary roads was slight across the State, but the cost of removal of the snow and ice in the four storms which occurred in two weeks of January and February 1966 helped to push up the total cost of the winter maintenance program.

Efforts around the clock to clear the highways of the State in the face of freezing temperatures and howling winds won the praise of Highway Chairman Joseph Hunt, "These maintenance men have done a tremendous job . . . they deserve the gratitude of the State for their performance."

There was additional good news for the North Carolina motorist so far as highway maintenance is concerned with the mutual adoption by the State Highway Commission and the Carolinas Branch of the Associated General Contractors of America of "Plan Bulldozer".

As adopted on April 6, 1966, the plan provides a means for obtaining all types of maintenance equipment, on a non-profit rental basis, from contractors throughout the State in cases of extreme emergency (flood, hurricane, earthquake, blizzard, etc.) and when sufficient state-owned equipment is not available.

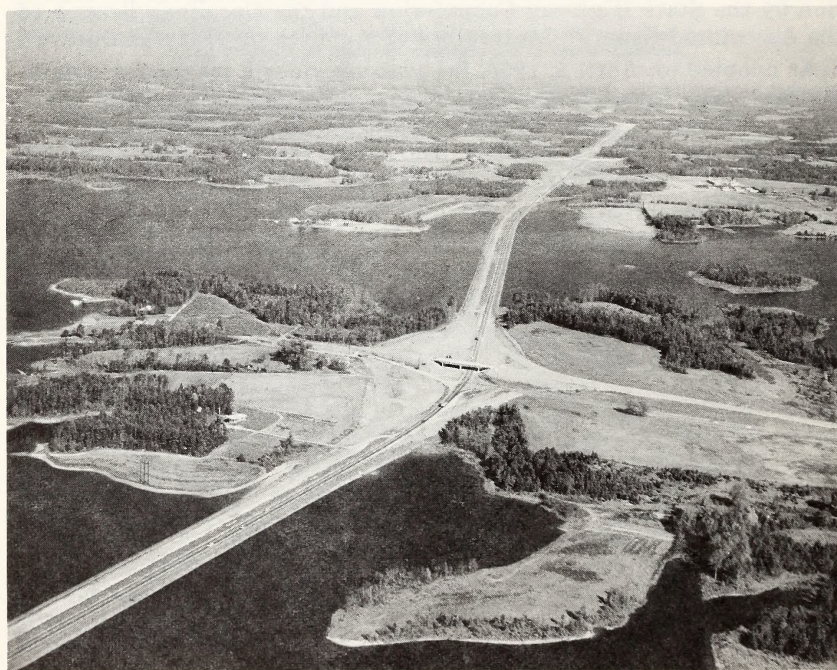
Men and machinery to be provided by contractors (and participation in the program is not limited to AGC members) will not be moved into disaster areas until a disaster has been declared by a competent civil official and assistance has been requested by a division engineer with the approval of the division Commissioner. Until that time, men and equipment keep away from and out of the disaster area.

RIGHT OF WAY

The Right of Way Department of the State Highway Commission deals in the highly sensitive area of acquiring the land and properties necessary for highway construction.

Understandably, landowners and businessmen do not become overly elated at the prospect of having a highway come directly through their property, but because of the premium placed on personal mobility in today's society, these lands must be acquired and highways must be built to meet that demand, on this everyone seems agreed. As a negotiator put it, "Everyone wants to see a new four-lane highway constructed, they just think it should have been located a half-mile east of here."

As North Carolina's highway program has expanded in the years since 1921, the State at the same time has become more and more developed so far as industry and housing is concerned. The two in conjunction have added to the problem of acquiring necessary rights of way.



Construction on a section of I-77 crossing Lake Norman in Iredell and Mecklenburg counties. This completed Interstate will link Charlotte with Cleveland, Ohio.

In that period—1931 to the present—a great many changes have been brought about in right of way acquisition, both by administrative changes within the Highway Commission and by acts of the General Assembly, with these changes aimed at giving property owners the best possible treatment in right of way matters.

The most recent change was affected by the 1965 General Assembly which passed legislation enabling the Highway Commission to acquire entire structures of which only a portion would actually be on the highway right of way.

Another act by the same legislature gave the Commission authority to pay moving costs, within prescribed limits, to persons whose homes or business establishments are displaced by highway construction.

Reflecting both the increased activity of the Highway Commission and the rising cost of land in North Carolina, some \$27.5 million was spent for right of way acquisition during the past biennium, \$16.5 million being spent in the last year of the biennium. It is anticipated that this figure will be surpassed by a good margin as urban bond and Interstate construction activities pick up during the next two to two and a half years.

FERRY OPERATIONS

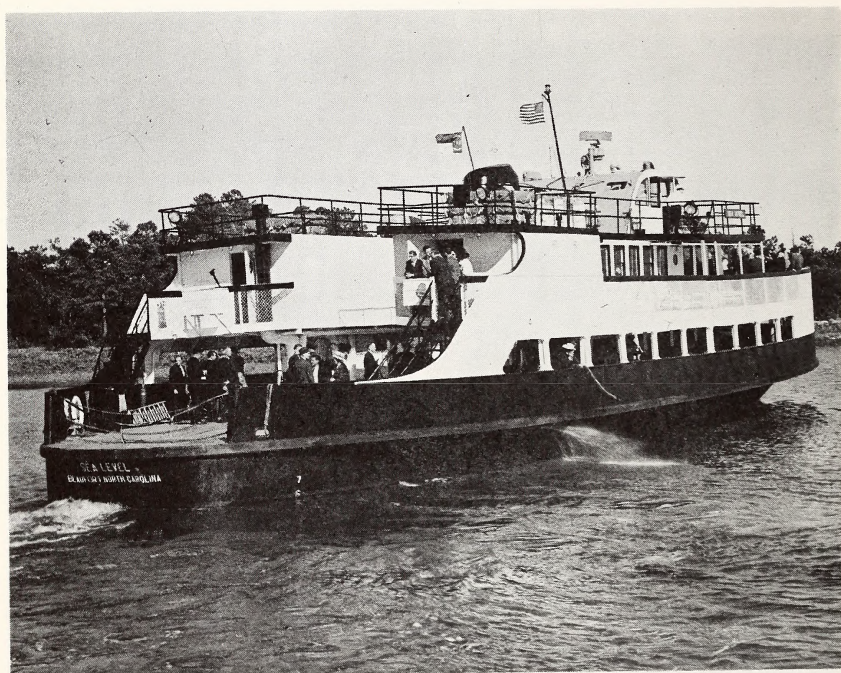
In Eastern North Carolina, one has to travel only a short distance before he is confronted by water in some form: a river, a creek, a swamp, a sound, or the Atlantic Ocean. This water is a part of the areas scenic attractiveness. It has also been an important attraction for industry in recent years. To the highway engineer it means one of two things; a bridge or a ferry boat.

At times the use of a ferry is the only way to cross the present "water obstruction", and even when it isn't the only way, it's always the most picturesque.

The North Carolina Highway Commission currently operates six separate ferry runs utilizing a total of 16 motor vessels.

During the biennium just concluded, the Highway Commission added three new motor vessels to its fleet and transferred an older vessel to service on a newly created run.

Th Motor Vessels "Silver Lake" and "Pamlico" were constructed by the New Bern Shipyards, Inc. of New Bern, North Carolina at a cost of \$550,000 each.



The motor vessel "Sea Level" replaced on the Cedar Island to Ocracoke Run now plies the waters of the Cape Fear River between Southport and Fort Fisher, one of state's two toll ferries.



The motor vessel "Silver Lake" constructed at a cost of \$550,000 now serving with her sister vessel "Pamlico" between Cedar Island and Ocracoke, the states longest ferry run.

The "Silver Lake" was christened at New Bern on July 31, 1965, and shortly thereafter was placed in service on the Cedar Island to Ocracoke run with the older "Sea Level".

Four months later, on December 1, 1965, the "Pamlico" was sent down the ways at New Bern and then on to duties at Cedar Island. Both the Cedar Island motor vessels are capable of carrying some 30 vehicles.

With two new motor vessels operating between Cedar Island and Ocracoke, the venerable "Sea Level" was destined for new service on a newly created run between South Port and Fort Fisher on the State's southern coast. The transfer was accomplished after a complete overhaul in drydock.

On March 2, 1966, the "Sea Level" was officially given the new name "Southport Fort Fisher" and was dedicated to the service of "Brunswick and New Hanover Counties and the People of North Carolina. . .".

Just five days later—March 7, 1966—the third new motor vessel for the State's ferry fleet came down the ways at New Bern. She was the "Beaufort", and after her christening, was placed immediately into service between Aurora and Bayview in the burgeoning Beaufort County phosphate fields.

While the "Beaufort" is similar in design to the "Silver Lake" and the "Pamlico", it is considerably smaller and carries only about 20 vehicles. The vessel was constructed at a cost of \$285,000.

Of the six ferry runs operated by the State Highway Commission, the 22 mile long, 2½ hour crossing of Pamlico Sound between Cedar Island to Ocracoke is the longest, and the crossing of Bogue Sound at Emerald Isle is the shortest.

The ferries operated between Cedar Island and Ocracoke and between Southport and Fort Fisher are the only toll ferries on the system and represent the only toll facilities on the entire North Carolina highway system.

The following is a list of the major ferries currently operated by the Highway Commission:

<i>LOCATION</i>	<i>VESSEL (S)</i>
Southport-Fort Fisher	"Southport-Fort Fisher"
Bogue Sound (Emerald Isle)	"Sandy Graham", "Emmett Winslow" "Governor Cherry" (Only two in service at one time.)
Cedar Island-Ocracoke	"Silver Lake", "Pamlico"
Pamlico River (Aurora-Bayview)	"Beaufort"
Hatteras Inlet	*"Herbert C. Bonner", "Ocracoke", "Hatteras", "A. W. Drinkwater", "Conrad Wirth", "R. B. Etherdige", "J. B. 'Toby' Tillett", "Lindsay Warren".
Knotts Island	"Knotts Island"

* Of these eight vessels, three begin the season with additional motor vessels added as traffic demands. Never more than five boats used.

All six North Carolina ferry runs are operated on a year round basis and are considered an important part of the overall highway system in coastal North Carolina.

The ferries have played a vital role in the development of the tourist industry along the seacoast, and the summer schedules for the vessels reflect their additional use during that time of the year.

SAFETY AND BEAUTIFICATION PROGRAMS

Governor Dan Moore and the 1965 General Assembly hammered out a program of highway safety legislation unlike anything seen before in the State's history. In scope, it covered everything from education of the driver to inspection of the vehicle.

At the same time this program was taking shape in the halls of the Legislative Building and the Governor's Office, the Highway Commission, at the Governor's bidding, was already engaged in developing a comprehensive inventory of so-called "accident prone locations" on the State's rural road system.

Information from 130,000 separate rural accidents beginning in 1963 was supplied by the Highway Patrol to the Commission's Traffic Engineering Department. This information transferred to computer cards became the basis for a program to determine the rural locations in the state with the highest accident experience.

This initial study would be the basis for a more extensive program to come later.

In addition, it gave the State a good start in meeting requirements of the Federal Spot Improvement Safety Program provided in the so-called "Baldwin Amendment". That amendment to the Federal Highway Act required that all States inventory their high accident locations and schedule their improvement on a priority basis by September 1969. North Carolina was already heading in that direction.

An interim inventory, locating some 700 accident prone locations to be improved at a cost of more than \$11-million, was presented to the Highway Commission for review during the biennium. A completed program is expected to be handed to the Governor during the winter of 1966.

But the Inventory is only the first step, the beginning, of the effort by the highway commission to reduce and prevent accidents through engineering methods. As the locations are pinpointed across the State, they must be improved. In addition, the overall program is designed in such a way as to take in new areas as original locations are improved.

North Carolina is dedicated to highway safety, and the end of the Federal Spot Safety Improvement Program will not signal the end of the Highway Commission's efforts to correct highway hazards on its system.

Just as highway safety began to garner new attention and new emphasis during the biennium, so did highway beautification.

On the State level, the Highway Commission, under the leadership of Chairman Joseph M. Hunt, Jr., was mounting a program of clean up and anti-litter with the cooperation of the Highway Patrol and the Garden Clubs of North Carolina.

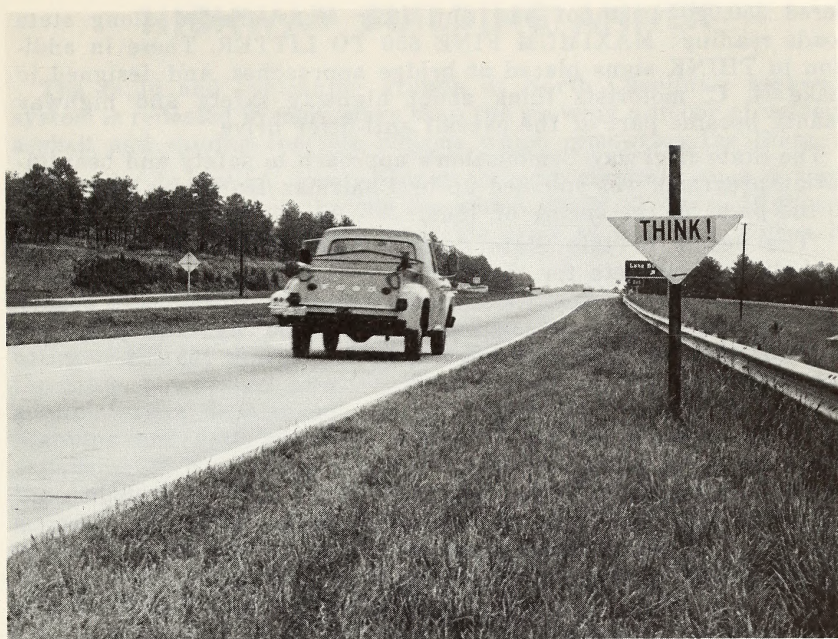
On the Federal level, Congress passed the Highway Beautification Acts of 1965 requiring the States to have authority to control outdoor advertising and junkyards along the Federal-aid Primary and Interstate Highway Systems by January 1, 1968, or face loss of 10 percent of Federal-aid highway funds each year.

North Carolina did not have such authority, and because the loss of Federal money could amount to as much as \$12-million a year, a special committee of the Highway Commission headed by Commissioner Tom Harrington of Leaksville was appointed by Chairman Hunt to study North Carolina's position in relation to the Federal requirements.

While the committee studied and began preliminary work on preparation of proposed enabling legislation to be handed to the 1967 General Assembly, the effort to clean up and beautify the State's highways continued. Chairman Hunt and the Garden Clubs jointly developed programs on the local level to clean up roads. Hunt appeared on radio and television in all major cities across the State. A new emphasis was placed on litter law enforcement by the Highway Patrol. Early in the spring of 1966, Chairman Hunt or-



Highway employee feeds information on accidents into computer for use in determining high accident areas on State Highway System. This information serves as basis for development of State's highway spot safety program.



These signs are important elements in an overall program of highway beautification and anti-litter being pressed by the Highway Commission. "THINK" signs utilize formerly unused portion of folding "ice on bridge" signs.

dered \$50,000 worth of new anti-litter signs erected along state roads reading: MAXIMUM FINE \$50 TO LITTER. These in addition to THINK signs placed at bridge approaches, and designed to make N. C. motorists think about highway safety and highway beauty became part of the overall anti-litter drive.

The State Highway Commission's approach to safety and beautification programs was summed up by Chairman Hunt in a statement to the press in the spring of 1966.

"The people of this State deserve more than just ribbons of asphalt and concrete for their highway tax dollars. They deserve highways which incorporate as many factors of safety and beauty as it is possible for our engineers to include, and the programs of the Highway Commission are designed to insure that these goals are achieved."

HIGHWAY BUILDING ANNEX

The rapid and continuing growth of North Carolina's highway system is reflected in more ways than the growing number of velvety asphalt and shining concrete ribbons which criss-cross the State.

In order to design, locate, construct and maintain such a vast system of highways as the one for which the N. C. State Highway Commission is responsible, a veritable army of men and women is required.

Just as in the case of any army, this one must also be housed. Personnel charged with actual performance of construction and maintenance are assigned to the individual division offices around the State, but design, location, right of way acquisition, legal, and administrative departments are all housed in Raleigh, as are the planning and data gathering wings of the Commission. With the expansion of the overall highway program due to the bond issue, the Appalachian Highway System and increased Interstate System activity, still more people are needed to carry out the chores involved in road-building, and when there are more people you've got to have more room, and that room will be provided by the new highway building annex now being constructed.

Contracts for construction of the new facility on New Bern Avenue in Raleigh were awarded in March, 1966, and totaled \$1,767,923.

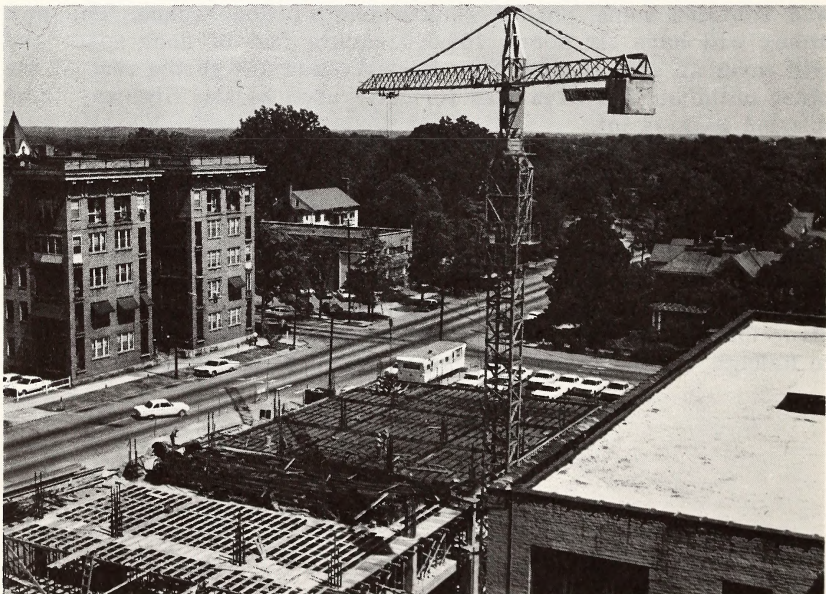
The currently occupied highway building was completed in 1950 and contains some 130,000 square feet of floor space. The new annex will have six floors, 100,000 square feet of floor space and will cover an area just off New Bern Avenue and to the rear of the older building. The area was formerly used as the Highway Commission parking lot.

The building, which will give the Commission 230,000 square feet of space in its Raleigh headquarters, is expected to be ready for occupancy by late fall or early winter of 1967.

The conditions making construction of the new annex are underscored by the fact that Materials and Tests, Planning, Traffic Engineering, Maintenance, Bridge Maintenance, Bituminous and Construction Departments are now housed outside the highway building in Raleigh. Many of these will return when the annex is completed.



Architects rendering of the \$1-million, six story highway building annex now under construction in Raleigh.



Highway building annex begins to take shape in steel and concrete. \$1-million structure with 100,000 square feet of floor space is to be ready for occupancy in fall of 1967.

APPENDIX "A"

NORTH CAROLINA STATE HIGHWAY COMMISSION

Raleigh, North Carolina

REPORT ON AUDIT

FISCAL YEAR ENDED JUNE 30, 1965

W. F. BABCOCK, *Director*

MEMBERS OF THE COMMISSION

MERRILL EVANS, *Chairman*

C. L. BENSON
C. W. BRAME
J. O. BUCHANAN
JACK KIRKSEY
CLINT NEWTON
J. E. WEBB

GRAHAM ELLIOTT
LAUCH FAIRCLOTH
J. K. GLENN
JAMES MACLAMROC
H. G. PHILLIPS
J. G. WOOD

W. E. HORNER
TED JORDAN
D. W. JOYNER
TOM MCLEAN
E. MURRAY TATE
P. R. YOUNTS

E. T. AIKEN, *Acting Controller*

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**DEPARTMENT OF STATE AUDITOR
BUREAU OF INSTITUTIONAL AND DEPARTMENTAL
AUDITING
Raleigh, North Carolina**

**THE ADVISORY BUDGET COMMISSION
RALEIGH, NORTH CAROLINA**

Gentlemen:

The financial condition of the Current, Debt Service, and Equipment Funds, comprising the State Highway Fund as of June 30, 1965, and the results of operations from these funds for the fiscal year ended June 30, 1965, are presented in the following comments, attached Exhibits "A" through "H", (and thirty-two supporting schedules.)

Revenue collections for the fiscal year 1964-65 exceeded estimated by \$7,575,447.30. A summary comparison of Revenues and expenditures for the fiscal year 1964-65 with those of the prior year are presented below:

	Fiscal Year Ended June 30, 1965	June 30, 1964	Increase Decrease*
Revenues:			
Motor Vehicle	\$153,933,693.74	\$146,107,738.21	\$ 7,825,955.53
Federal Aid	45,093,191.35	45,877,705.99	784,514.64*
Participation	756,982.54	3,427,668.40	2,670,685.86*
Interest on Investments	3,151,908.73	1,968,852.60	1,183,056.13
Miscellaneous	19,354.21	624.37	18,729.84
Debt Eervice	18,484,490.62	17,534,903.64	949,586.98
	<u>\$221,439,621.19</u>	<u>\$214,917,493.21</u>	<u>\$ 6,522,127.98</u>
Expenditures:			
Non-Highway Departments	\$ 12,006,908.84	\$ 11,614,201.15	\$ 392,707.69
General Administration	1,988,041.67	1,810,761.98	177,279.69
Engineering Administration	5,054,647.76	5,144,000.19	89,352.43*
Contribution to Retirement Fund	3,240,008.74	3,020,823.61	209,185.13
State Maintenance & Constr.	80,285,162.17	83,162,356.86	2,877,194.69*
Federal Aid	81,246,625.82	77,260,379.83	3,986,245.99
Capital Improvements	981,937.60	1,523,761.18	541,823.58*
State Aid to Municipalities	8,324,555.39	8,075,652.53	248,902.86
Debt Service	12,386,750.00	12,355,187.50	31,562.50
	<u>\$205,514,637.99</u>	<u>\$203,977,124.83</u>	<u>\$ 1,537,513.16</u>
Excess Revenue Over Expend.	\$ 15,924,983.20	\$ 10,940,368.38	\$ 4,984,614.82

The following tabulation shows the *application of Unallotted Appropriation balances, reserve for estimated revenues in excess of appropriations, and excess of actual revenues over estimated revenues:*

Balances—Current Fund:

From Unexpended Current Appropriations—Exhibit "E"	\$ 1,952,285.78
From Unallotted Encumbrance Appropriations—Exhibit "E"	46,568,340.57
	<u>\$ 48,520,626.35</u>
Reserve for Estimated Revenues in Excess of Approp. 1964-65	44,734.00
Excess of Actual Revenues Over Estimated Revenue Exhibit "D"	7,190,956.68
	<u>\$ 55,756,317.03</u>

APPLICATION OF UNALLOTTED BALANCES AND EXCESS OF ACTUAL REVENUE
OVER ESTIMATED REVENUES (CONT'D)Application of Unallotted Balances and Excess of Actual
Revenues Over Estimated Revenues:

Federal Aid Participation Including H. P. S. and H. P. R.	\$ 39,172,614.93
State Funds to Match Federal Participation	6,292,351.77
Reserve for State Aid to Municipalities	17,742.20
Reserve for Capital Improvements	1,085,631.67
Reserve for Employers' Contribution to Retirement System	10,000.00
Reserve for Additional Salary Requirements	157,782.00
Reserve for Appropriations in Excess of Estimated Revenues 1965-66	6,450,125.00
To Unappropriated Surplus	\$ 2,570,069.46
	<u>\$ 55,756,317.03</u>

CURRENT FUND

Cash in Banks \$19,750.00:

These bank accounts throughout the state are used by Division Engineers and Equipment superintendents for the purpose of making emergency purchase orders, or paying expenses amounting to \$25.00 or less. Reimbursements are made upon submission of paid invoices or receipts. All of these bank accounts were examined and reconciled. It appears that single purchases are still made in excess of \$25.00 by requesting that the vendor bill under separate dates in order that each invoice would remain within the limitation. We suggest that vendors issue bills for total purchases under the correct date and if the charge exceeds the limitation, the bill should be forwarded to Raleigh for payment.

Schedule A-3 sets forth a list of these employees responsible for disbursing these funds.

Cash on Deposit—State Treasurer \$73,633,177.22:

Cash on deposit with State Treasurer at June 30, 1965 was compared with the State Treasurer's records and found to be in agreement.

Travel Advances to Employees—\$20,980.00:

Advances are made to employees assigned to work that takes them away from home with out-of-pocket expenditures in an amount greater than that the employee would normally be expected to finance from his own personal funds. These advances at June 30, 1965 are listed under Schedule A-6. The need for these advances are tested periodically by the internal auditors. A date that the advance is to be repaid is usually indicated on each authorization; compliance with this repayment date is also ascertained by the internal auditors.

State Departments and Sundry \$368,637.52:

Accrued Gasoline Tax Refund due from the Department of Revenue at June 30, 1965 represents \$260,519.75 of the receivable shown above. The balance of \$108,117.76 represents charges for materials or services furnished state departments. Of this amount, \$294,895.38 was received during the month of July 1965.

Motor Vehicle Department Imprest Cash \$15,000.00:

The balance of \$15,000.00 shown on Exhibit "A" as being due from the Motor Vehicle Department represents an advance with the State Treasurer's office for the purpose of expediting payment of refund claims on gasoline and motor vehicle collections.

Due From Cities and Towns—\$2,013,341.38:

This amount represents balances due from municipalities, for construction or maintenance work performed by the Highway Commission, or miscellaneous materials and supplies furnished them. An analysis of these balances shows the following due dates:

Fiscal Years 1953-60	\$ 85,392.65
Fiscal Years 1961-70	1,679,362.51
Fiscal Years 1971-80	201,175.61
Due on Completion	47,410.61
	<u>\$2,013,341.38</u>

A list of the cities and towns and the balances due from them on June 30, 1965 is shown in Schedule A-8.

Property Owners Participation \$107,216.32:

This balance consists of future installments due from utilities and other public service agencies listed in Schedule A-9. These accounts arise from agreements entered into with the Highway Commission for construction and relocation of highways and bridges. These agreements were examined and listed but were not confirmed by correspondence.

Other Receivables—\$71,878.52:

Other receivables are listed in Schedule A-10. A summary of these accounts at June 30, 1965 appears below. During July 1965 \$10,269.77 was received as collections.

Less than 30 Days	\$ 28,479.16
30-180 Days	30,672.56
180-270 Days	1,754.23
270-360 Days	5,600.79
More than 1 Year	5,371.78
	<u>\$ 71,878.52</u>

U. S. Bureau of Public Roads—Due on Projects Let \$77,952,120.00:

On June 30, 1965 \$77,952,120.00 was due from the U. S. Bureau of Public Roads representing the Federal Government's share of the cost of road construction covering projects approved by the Bureau and under contract agreements. The project status report issued by the Bureau at June 30, 1965, was not in complete agreement with the records of the Highway Commission, but this is a normal difference of in transit transactions between the agencies. These differences are reconciled periodically.

Expenditures on Federal Aid projects have been made by the Highway Commission which have not been subject to billing to the U. S. Bureau of Public Roads. The figures shown below include the total costs for Federal

aid projects, a part of which the state will bear, and a part of which is to be billed to the U. S. Bureau of Public Roads.

An analysis of these unbilled costs by the audits and systems section of the commission was made for these Federal aid expenditures for the four months period July 1-October 31, 1965 with the following results:

REASON FOR DELAYED BILLING

Documentation Needed (Legal and Right-of-Way)	\$ 276,981.30
No Project Agreement (Right-of-Way Acquisitions)	1,590,479.30
Agreement Modification Needed	2,473,141.16
Bureau of Public Roads Citations	11,850.64
	<hr/>
	<u>\$4,352,452.40</u>

An equal amount had accumulated prior to July 1, 1965, but no analysis had been prepared at the date of our examination. Plans have been formulated to assemble this information as a part of the new concept of Current Billing and Concurrent Audit of Federal Aid expenditures.

Inventories \$4,531,270.37:

Schedule A-12 shows the stores inventories of repair parts, gasoline and oil, and other materials at June 30, 1965. This count was taken by Highway Employees. We did test the inventory records and adjustments for mathematical accuracy. We also tested some of the larger items at the central stores and compared the perpetual inventory records with the stock on hand. No material differences appeared. Inventory in transit represents purchases of inventories accrued at June 30, 1965.

Federal Aid Allocations \$39,172,614.93:

An analysis of Federal aid allocations by Federal aid participation funds appears in Schedule A-13. These figures include the provisions for H. P. S. and H. P. R. funds, and has also been adjusted for payments to A. A. S. H. O. test roads.

Other Debits \$608,810.72:

Undistributed charges to job orders and work order unidentifiable at June 30, 1965 amounted to \$3,643.36. These charges were properly distributed during the month of July 1965.

Securities held by the Commission which had been deposited by contractors in lieu of performance bonds were counted by us at the Wachovia Bank and Trust Company and amounted to \$391,000.00. This is also included as a liability under "Special Deposits" (See Schedule A-16).

Right-of-way acquisitions are made in advance for proposed highway projects, the plans for which may not develop until some future date. These investments will result in reduced acquisition costs. At June 30, 1965, \$214,167.36 had been used for this purpose.

Accounts Payable \$6,321,610.36:

All outstanding purchase commitments from unfilled purchase orders, invoices not received, and contracts for personal services were accrued at

June 30, 1965. These items together with other accruals are summarized below:

Unfiled Purchase Orders	\$6,012,263.41
Gasoline and Oil Purchases	65,144.67
Workmens Compensation Claims	31,148.07
Tort Claims	161,148.05
Group Insurance Premiums	49,986.16
Prison Labor	1,920.00
	<u>\$6,321,610.36</u>

Due to Equipment Fund \$4,775,237.55:

The equipment Fund is financed out of the current fund cash. The Equipment Fund is credited with rental income and other receipts, and charged with purchases and other expenditures made from current fund cash. At June 30, 1965 the Current Fund was indebted to the Equipment Fund to the extent of \$4,775,237.55.

Allowance for Employees Vacation, Sick Leave, Holidays, Etc. \$1,845,168.73:

On May 19, 1965 an audit was made of the payroll additives for holiday pay, annual leave, sick leave, social security taxes, and retirement, as applied to the payroll of the field operations of the Highway Commission, in order to adjust the charges made to work orders based on actual days worked. A rate was also determined for Workmen's Compensation Claims. This audit was conducted by the audits and systems section of the Finance department. The average number of permanent employees was determined as 7020.538 as working for 26 pay periods. The net available working days was 231.589. The experience rates as they applied to the fiscal year ended June 30, 1964 were as follows:

	Days	%
Holidays	10	
	231.589	4.318
Annual Leave	13.761	
	231.589	5.942
Sick Leave	6.650	
	231.589	2.871
Workmens Compensation		.458
Social Security and Retirement Permanent		7.212
Social Security and Retirement Temporary		3.624

Accrued Payroll—\$615,636.11:

This amount represents the accrual of Gross Payroll for June 28, 29 and 30, 1965 of the pay period which ended July 9, 1965.

Accrued Taxes Payable \$3,209.60:

This item consists of N. C. Sales and Use Taxes payable July 15, 1965, covering the liability for the month of June 1965.

Special Deposits—\$401,255.00:

This item consists of \$391,000.00 performance deposits which is contra to the securities and deposits held for others. The balance of \$10,255.00 represents cash deposits received from purchases of structures on right-

of-way in lieu of performance bonds, and is to be returned to the depositors upon satisfactory removal of such structures from the right-of-way.

Contractors Claims \$1,687,565.73:

Since these claims are contingent in nature it has been the policy of the Commission not to show these items as a liability in the Current Fund Balance Sheet. G. S. 136-29 regulates the method of filing claims within sixty days after final estimates have been received. If the contractors claim is denied by the Director of Highways; the contractor has six months in which to institute civil action.

A review of the claims that are currently outstanding according to the assistant Chief Engineer's records are as follows at October 14, 1965:

Work Order No.	Claimant	Amount	Disposition
8.24110	Dickerson Co.	\$ 5,319.00	In Litigation
8.22563	" "	16,591.00	"
8.13457	" "	39,322.50	Awarded \$2,960.00 Pending
8.13979	" "	19,030.00	Award \$9,515.00 Accepted
8.13438	Nello Teer Co.	803,489.00	In Superior Court
8.14951	" " "	5,318.00	In Litigation
8.16303	W. B. Dillard Co.	163,838.00	"
6.900459	"	28,896.07	"
8.13438	National Landscaping Co.	106,665.00	"
8.17377	Zephyr Construction Co.	53,560.00	No Action to Date
8.19174	Macon Construction Co.	66,895.00	In Litigation
8.20304	" " "	4,921.00	"
8.11627	Blythe Bros.	55,137.70	"
8.13093	Brown Paving Co.	179,304.30	"
8.29370	Gilbert Engineering Co.	31,600.00	"
8.2 372	" " "	9,200.00	"
8.17374	L. A. Reynolds Co.	16,400.00	In Supreme Court
8.14591	T. A. Loving Co.	600.00	In Litigation
8.12437	Rea Construction Co.	7,800.00	"
8.12004	Triplett-Ryon Co.	9,676.16	"
8.13963	Orange Construction Co.	13,900.00	Has Until May 5, 1966 to Appeal
8.18567	Orange Construction Co.	6,300.00	Has Until May 5, 1966 to Appeal
8.14108	Guard Rail Erectors Inc.	25,703.00	Has Until May 5, 1966 to Appeal
8.15019	Guard Rail Erectors Inc.	7,300.00	Has Until May 5, 1966 to Appeal
8.15045	Guard Rail Erectors, Inc.	10,800.00	Has Until May 5, 1966 to Appeal
Total		<u>\$1,687,565.73</u>	Appeal

Encumbrance Allotments \$128,733,758.46:

These amounts represent the unexpended portion of allotments approved by the Budget Division of the Department of Administration. These balances are not reverted to unappropriated surplus, but continue until the project has been completed. These accounts have been reviewed and closing balances at June 30, 1964 were checked into opening balances at July 1, 1964 by individual work order numbers.

We have examined the projects to determine those in overdraft and we summarize the following figures for comparative analysis:

No. of Work Orders	Date	Overdraft Amount
877	June 30, 1964	\$12,246,936.56
829	June 30, 1965	9,639,361.74
919	Nov. 30, 1965	10,116,253.79

It is noted that while the dollar overdraft has reduced somewhat, there are more work orders carrying overdraft at November 30, 1965 than at anytime since June 30, 1964.

Some of the larger overdrafts at November 30, 1965 are listed below:

Work Order Number	Overdraft Amount
6.572050	\$177,976.02
8.11223	103,998.39
8.12437	162,161.30
8.13438	150,262.15
8.13457	111,131.73
8.14773	115,859.35
8.15306	255,832.08
8.15394	100,968.11
8.16315	105,279.51
8.17376	188,190.64
8.19457	187,339.14

Reserves and Unappropriated Surplus:

The items making up the reserves and unappropriated surplus are set forth in Exhibit "A" and are self-explanatory. Reference is made to Exhibit "H", Source and Disposition of funds for details of reserves and funds carried forward.

Airplane Operations—Air Commander 500:

The airplane is considered a part of the equipment department. All operating costs are paid by the Equipment Fund. The plane is rented to the Photogrammetry department. Agencies using the plane are billed at the rate of \$72.83 per flight hour, together with pilots salary, subsistence, plus 10% for administrative overhead. It appears that payroll additives and other non-flying time should be included in establishing the pilots salary rate for billing purposes.

The results of the airplane operations for the fiscal year ended June 30, 1965 are set forth below:

AIRPLANE—STATEMENT OF INCOME AND EXPENSE FOR YEAR ENDED JUNE 30, 1965 PER RECORDS OF EQUIPMENT DEPARTMENT:

Income:

Rental Income of Airplane	\$17,604.40
---------------------------	-------------

Expenses:

Labor and Travel	\$ 8.16	
Repair, Freight and Telephone	3,964.06	
Fuel, Power, Lubricants and Antifreeze	5,180.21	
Depreciation	10,684.44	19,836.87

Net (Loss*) for the Year Ended June 30, 1965

\$ 2,232.47*

GENERAL COMMENTS—CURRENT FUND

Procurement of materials and supplies should be made by means of the customary purchase orders, properly signed and approved before delivery

is made. In a few instances this requisite was not observed. Work consisting of services or labor amounting to \$5,000.00 or more should be awarded under competitive bids according to present statutes.

DEBT SERVICE FUND—EXHIBIT "B"

Bonds issued and authorized under Chapter 1250, of the 1949 Session laws are recorded in the Debt Service Fund. During the current fiscal year bonds were retired amounting to \$11,250,000.00. Interest of \$1,136,750.00 was paid. Cash on hand at June 30, 1965 for debt service purposes amounted to \$34,689,728.37. Outstanding bonds at the close of the fiscal year amounted to \$59,000,000.00.

EQUIPMENT FUND—EXHIBIT "C"

The Equipment department is responsible for the purchase, storage, issuance, repair and maintenance of equipment for all highway operations. Income is provided by a rental charge which includes a factor for depreciation, obsolescence, and operating expenses. The fund is charged with operating expenses and the cost of new equipment. Equipment rental rates were reduced July 1, 1964 by 10%. Furthermore the Department of Administration requested that \$4,000,000.00 of the equipment reserve fund be transferred to the Current Fund for maintenance and construction operations. This required that the equipment rental for the months of July, August and September 1964 be reversed. This provided \$3,979,352.93 for transfer which was acceptable to all concerned.

The reduction in rates and the transfer explained above resulted in the Equipment Department showing a net loss for the year of \$3,911,687.86. This should not be interpreted as inefficiency, but should be considered as an adjustment of prior years rental rates.

We acknowledge with appreciation the assistance rendered by the Highway Commission management and staff during the course of our engagement.

Respectfully submitted,

HENRY L. BRIDGES, *State Auditor*

Prepared by J. E. PEARCE

Approved:

M. L. WIDENHOUSE
C. P. A.

January 10, 1966

NORTH CAROLINA STATE HIGHWAY COMMISSION
BALANCE SHEET
CURRENT FUND
June 30, 1965

EXHIBIT "A"

ASSETS		LIABILITIES, ENCUMBRANCES, RESERVES AND SURPLUS	
Cash:		Liabilities:	
In Banks (Imprest Cash) (Sch. A-3).....	\$ 19,750.00	Accounts Payable (Sch. A-15).....	\$ 6,321,610.35
On Deposit — State Treasurer (Sch. A-1).....	73,633,117.22	Due to Equipment Fund (Sch. C-1).....	4,775,237.55
		Allowances for Employees Vacation, Sick Leave,	1,845,168.73
		Holidays and Compensatory Leave.....	615,636.11
		Accrued Payroll.....	3,209.60
		Accrued Taxes Payable.....	\$ 13,560,862.35
Accounts Receivable:			
Travel Advances to Employees (Sch. A-6).....	\$ 20,980.00	Other Credits:	
State Departments and Sundry (Sch. A-7).....	368,637.52	Special Deposits (Sch. A-16).....	\$ 401,255.00
Motor Vehicle Department Imprest Cash.....	15,000.00	Undistributed Motor Vehicle Revenues.....	5,542.46
Cities and Towns Participation (Sch. A-8).....	2,013,341.38		
Property Owner's Participation (Sch. A-9).....	107,216.32		
Payroll Adjustment Loans.....	111.72		
Others (Sch. A-10).....	71,878.52		406,797.46
		Encumbrance Allotments: (Exhibit "E"):	
		State Maintenance and Construction:	
Due on Projects Let — U.S. Bureau Public Roads		Primary.....	\$ 8,145,147.90
(Sch. A-11).....		Secondary.....	25,223,949.74
Inventories:		Urban.....	6,106,652.98
Stores (Sch. A-12).....	\$ 3,849,071.55	Public Service Roads.....	1,321,232.93
Completed Parts — Equipment.....	682,198.82	Capital Improvements.....	324,261.73
		Federal Aid H.P.S. and H.P.R.....	630,482.36
		Federal Aid Construction.....	86,934,142.24
		State Aid to Municipalities.....	47,888.58
Contingent Assets — Federal Aid Allocations (Sch. A-13)			128,733,758.46

Other Debits:	Undistributed Charges-----	\$ 3,643.36	608,810.72	Reserves and Surplus: Reserves: For Federal Participation H.P.S. and H.P.R.----- For Federal Participation — Construction----- For State Funds to Match Federal Funds----- For State Aid to Municipalities----- For Capital Improvement Funds----- For Employers Contribution to Retirement System----- For Additional Salary Requirements----- For Appropriations in excess of Estimated Revenues-----	\$ 792,369.53 38,380,245.40 6,292,351.77 17,742.20 1,085,631.67 10,000.00 157,782.00 6,450,125.00
	Securities and Deposits held for Others-----	391,000.00			
	Advance Acquisition of Right-of-Way-----	214,167.36			
Total Assets-----			\$198,514,848.70	Unappropriated Surplus: Balance July 1, 1964----- Less: Transfers to Appropriations----- Add: Balance of Current Years Operations----- Total Liabilities, Encumbrances, Reserves and Surplus.	\$ 4,738,009.10 4,680,895.70 \$ 57,113.40 2,570,069.46
					\$ 2,627,182.86
					\$198,514,848.70
					53,186,247.57

	Unexpended Allotments 7-1-64	Appropriations Apportionments Participations	Allotments
ENCUMBRANCE ACCOUNTS (Cont'd.):			
STATE MAINTENANCE AND CONSTRUCTION:			
PUBLIC SERVICE ROADS:			
State Appropriations.....	\$ 956,725.37	\$ 1,526,531.54	\$ 1,526,531.54
Property Owners Participation.....		102,223.60	102,223.60
Expenditures.....			
	\$ 956,725.37	\$ 1,628,755.14	\$ 1,628,755.14
Capital Improvements:			
State Appropriations.....	\$ 863,314.03	\$ 1,528,516.97	\$ 442,885.30
Expenditures.....			
	\$ 863,314.03	\$ 1,528,516.97	\$ 442,885.30
FEDERAL AID H.P.S. and H.P.R.:			
State Matching Funds.....	\$ 530,050.94	\$ 755,771.38	\$ 639,328.71
Cities and Towns Participation.....		9,380.00	9,380.00
Primary.....		421,047.03	243,630.00
Secondary.....		376,317.01	218,243.00
Urban.....		131,338.18	76,490.00
Interstate.....		926,349.31	524,319.00
Expenditures.....			
	\$ 530,050.94	\$ 2,620,202.91	\$ 1,711,390.71
FEDERAL AID CONSTRUCTION: UNEXPENDED			
ALLOTMENT BROUGHT FORWARD.....	\$ 68,055,995.35	\$ -0-	\$ -0-
State Matching Funds.....		37,305,942.13	31,130,033.03
Cities and Towns Participation.....		150,635.97	150,635.97
Property Owners Participation.....		3,872.42	3,872.42
Primary.....		17,053,279.72	11,963,874.00
Secondary.....		17,171,179.00	12,757,695.00
Urban.....		8,409,432.00	2,263,299.00
Interstate.....		61,910,144.68	39,825,789.00
Forestry.....		956,987.00	427,900.00
Emergency Relief.....		108,495.00	9,285.00
Expenditures.....			
	\$ 68,055,995.35	\$143,069,967.92	\$ 98,513,813.42
STATE AID TO MUNICIPALITIES.....	\$ 50,468.05	\$ 8,339,718.12	\$ 8,321,975.92
TOTAL ENCUMBRANCE ACCOUNTS.....	\$ 93,439,570.03	\$252,700,809.98	\$206,132,469.41
TOTAL CURRENT FUND (Exhibit "A").....	\$ 93,439,570.03	\$276,942,702.77	\$228,422,076.42

	Unexpended Allotments 7-1-64	Appropriations Apportionments Participations	Allotments
DEPT SERVICE FUND:			
Retirement of Bonds.....	\$ -0-	\$ 11,250,000.00	\$ 11,250,000.00
Interest on Bonds.....		1,136,750.00	1,136,750.00
TOTAL DEPT SERVICE (Exhibit "A").....	\$ -0-	\$ 12,386,750.00	\$ 12,386,750.00
GRAND TOTAL.....	\$ 93,439,570.03	\$289,329,452.77	\$240,808,826.42

NOTE: As of June 30, 1965, the "Unallotted Appropriations" as shown above totalling \$48,520,626.35, together with the Reserve for estimated revenue in excess of appropriations, and excess of actual revenue over estimated revenue was allocated to reserve and surplus accounts as shown in the comments.

*Indicates red figure

**BALANCE SHEET
DEBT SERVICE FUND
June 30, 1965**

EXHIBIT "B"

ASSETS	
CASH:	
On Deposit — State Treasurer	\$ 34,689,728.37
TOTAL ASSETS	\$ 34,689,728.37
SURPLUS	
BALANCE JULY 1, 1964	\$ 28,591,987.75
ADD:	
Gasoline Tax .01 cent per gallon 1964-65	18,484,490.62
	\$ 47,076,478.37
DEDUCT: Bond Principal and Interest Paid 1964-65	12,386,750.00
TOTAL SURPLUS	\$ 34,689,728.37

**BALANCE SHEET
EQUIPMENT FUND
June 30, 1965**

EXHIBIT "C"

ASSETS	
DUE FROM CURRENT FUND (Schedule C-1)	\$ 4,775,237.55
EQUIPMENT:	
Investment in Equipment	\$ 48,103,780.70
LESS: Accumulated Depreciation	24,540,098.97
Net Book Value of Equipment	23,563,681.73
TOTAL ASSETS	\$ 28,338,919.28
INVESTMENTS	
Investment in Equipment Fund July 1, 1964	\$ 32,070,607.14
Equipment on Loan From Federal Government (Estimated Value)	180,000.00
Operating Loss Fiscal Year 1964-65	3,911,687.86*
TOTAL INVESTMENTS	\$ 28,338,919.28

*Indicates Red Figure

STATEMENT OF REVENUE
FISCAL YEAR ENDED JUNE 30, 1965

EXHIBIT "D"

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
CURRENT FUND:					
Automobile License.....	\$ 16,148,445.95	\$ 15,440,000.00	\$ 708,445.95	\$ 15,410,043.04	\$ 738,402.91
Truck License.....	15,465,710.68	14,400,000.00	1,065,710.68	14,503,894.98	961,815.70
For Hire License.....	1,976,588.96	1,800,000.00	176,588.96	1,947,323.29	29,265.67
Motorcycle License.....	53,604.31	26,000.00	27,604.31	30,999.86	22,604.45
Bus and Franchise.....	7,020,534.82	5,800,000.00	1,220,534.82	6,392,010.96	628,523.86
Gasoline Tax at .06 cent.....	105,366,862.59	103,200,000.00	2,166,862.59	99,891,384.75	5,475,477.84
Gasoline Tax Refunded to Highway.....	844,046.46	725,000.00	119,046.46	1,121,069.46	277,023.00*
Gasoline Inspection Fees.....	4,515,780.09	4,685,000.00	169,219.91*	4,292,690.89	223,089.20
Title Fees.....	1,645,268.03	1,166,000.00	479,268.03	1,695,171.23	19,903.20*
Penalties.....	766,725.82	635,000.00	131,725.82	713,037.67	53,688.15
Gasoline Usage Registration.....	128,607.09	110,000.00	18,607.09	125,876.48	2,780.61
Certificate Fees.....	1,518.94	-----	1,518.94	1,479.10	39.84
	\$153,933,693.74	\$147,987,000.00	\$ 5,946,693.74	\$146,094,981.71	\$ 7,838,712.03
OTHER INCOME:					
Interest on Drafts.....	\$ 13,400.39	\$ -0-	\$ 13,400.39	\$ 12,756.50	\$ 643.89
Interest Income on Investments.....	3,151,908.73	1,900,000.00	1,251,908.73	1,968,852.60	1,183,056.13
Miscellaneous.....	5,953.82	27,000.00	21,046.18*	624.37	5,329.45
	\$ 3,171,262.94	\$ 1,927,000.00	\$ 1,244,262.94	\$ 1,982,233.47	\$ 1,189,029.47
TOTAL STATE REVENUE.....	\$157,104,956.68	\$149,914,000.00	\$ 7,190,956.68	\$148,077,215.18	\$ 9,027,741.50

EXHIBIT "D" Continued

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
PARTICIPATING REVENUE:					
FEDERAL AID PARTICIPATION:					
Primary	\$ 10,491,860.00	\$ 10,491,860.00	\$ -0-	\$ 9,332,734.65	\$ 1,159,125.35
Secondary	9,342,916.00	9,342,916.00		8,362,064.49	980,851.51
Urban	3,238,207.00	3,238,207.00		2,932,242.31	305,964.69
Interstate	22,496,317.00	22,496,317.00		20,535,791.36	1,960,525.64
Forestry	203,316.00	203,316.00		203,316.00	
Emergency Relief	68,105.00	68,105.00			68,105.00
Public Lands	1,400,000.00*	1,400,000.00*		1,400,000.00	2,800,000.00*
	\$ 44,440,721.00	\$ 44,440,721.00	\$ -0-	\$ 42,766,148.81	\$ 1,674,572.19
FEDERAL AID PARTICIPATION H.P.S. AND H.P.R.:					
Primary	\$ 153,727.71	\$ 153,727.71	\$ -0-	\$ 790,610.32	\$ 636,882.61*
Secondary	136,874.76	136,874.76		700,359.25	563,484.49*
Urban	47,422.83	47,422.83		243,622.35	196,199.52*
Interstate	314,445.05	314,445.05		1,376,965.26	1,062,520.21*
	\$ 652,470.35	\$ 652,470.35	\$ -0-	\$ 3,111,557.18	\$ 2,459,086.83*
TOTAL FEDERAL AID CONSTRUCTION	\$ 45,093,191.35	\$ 45,093,191.35	\$ -0-	\$ 45,877,705.99	\$ 784,514.64*

EXHIBIT "D" Continued

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
CITIES AND TOWNS PARTICIPATION:					
STATE MAINTENANCE AND CONSTRUCTION:					
Primary	\$ 37,834.62	\$ 37,834.62	\$ -0-	\$ 82,000.17	\$ 44,165.55*
Secondary	720.00	720.00		30,544.34	29,824.34*
Urban	4,735.00	4,735.00		13,890.65	9,155.65*
Federal Aid H.P.S. and H.P.R.	9,380.00	9,380.00		66,867.16	57,487.16*
Federal Aid Construction	150,635.97	150,635.97		421,187.68	270,551.71*
	\$ 203,305.59	\$ 203,305.59	\$ -0-	\$ 614,490.00	\$ 411,184.41*
PROPERTY OWNERS' PARTICIPATION:					
Primary	\$ 15,877.31	\$ 15,877.31	\$ -0-	\$ 39,534.27	\$ 23,656.96*
Secondary	429,203.62	429,203.62		900,166.80	470,963.18*
Urban	2,500.00	2,500.00		7,577.00	2,500.00
Public Service Roads	102,223.60	102,223.60		1,865,900.33	94,646.60
Federal Aid Construction	3,872.42	3,872.42			1,862,027.91*
	\$ 553,676.95	\$ 553,676.95	\$ -0-	\$ 2,813,178.40	\$ 2,259,501.45*
TOTAL CURRENT FUND REVENUE	\$202,955,130.57	\$195,764,173.89	\$ 7,190,956.68	\$197,382,589.57	\$ 5,572,541.00
DEBT SERVICE REVENUE	\$ 18,484,490.62	\$ 18,100,000.00	\$ 384,490.62	\$ 17,534,903.64	\$ 949,586.98
TOTAL REVENUE	\$221,439,621.19	\$213,864,173.89	\$ 7,575,447.30	\$214,917,493.21	\$ 6,522,127.98

*Indicates Red Figures

STATEMENT OF APPROPRIATIONS, APPORTIONMENTS FISCAL YEAR ENDED

	Unexpended Allotments 7-1-64	Appropriations Apportionments Participations	Allotments
CURRENT FUND:			
NON-HIGHWAY DEPARTMENTS:			
Department of Motor Vehicles	\$ -0-	\$ 12,190,426.00	\$ 11,511,511.56
Utilities Commission		164,886.00	155,986.28
Department of Agriculture		339,411.00	339,411.00
HIGHWAY COMMISSION:			
General Administration		2,187,976.55	1,988,041.67
Engineering Administration		5,400,695.24	5,054,647.76
Employer's Contribution to Retirement System		3,240,434.00	3,240,008.74
Merit Salary Increments		377,856.00	
Legislative Salary Increases		55,804.00	
Legislative Salary Adjustments		108,476.00	
Legislative Salary — Longevity Pay		123,356.00	
Reserve for Contingencies		52,572.00	
TOTAL CURRENT FUND	\$ -0-	\$ 24,241,892.79	\$ 22,289,607.01
ENCUMBRANCE ACCOUNTS:			
STATE MAINTENANCE AND CONSTRUCTION:			
Primary System:			
State Appropriation	\$ 6,301,223.23	\$ 23,956,962.25	\$ 23,956,962.25
Cities and Town Participation		37,834.62	37,834.62
Property Owners Participation		15,887.31	15,877.31
Expenditures			
	\$ 6,301,223.23	\$ 24,010,674.18	\$ 24,010,674.18
STATE MAINTENANCE AND CONSTRUCTION:			
SECONDARY SYSTEM:			
State Appropriation	\$ 12,726,954.69	\$ 65,356,238.63	\$ 65,356,238.63
Cities and Towns Participation		720.00	720.00
Property Owners Participation		429,203.62	429,203.62
Expenditures			
	\$ 12,726,954.69	\$ 65,786,162.25	\$ 65,786,162.25
STATE MAINTENANCE AND CONSTRUCTION:			
Urban System:			
State Appropriations	\$ 3,954,838.37	\$ 5,709,577.49	\$ 5,709,577.49
Cities and Towns Participation		4,735.00	4,735.00
Property Owners Participation		2,500.00	2,500.00
Expenditures			
	\$ 3,954,838.37	\$ 5,716,812.49	\$ 5,716,812.49

ONMENTS, ALLOTMENTS AND EXPENDITURES

JUNE 30, 1965

EXHIBIT "E"

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ 14,879,940.85	\$ 3,368,429.29	\$ 11,511,511.56	\$ 678,914.44	\$ 678,914.44	\$ -0-
155,986.28	-----	155,986.28	8,899.72	8,899.72	-----
339,411.00	-----	339,411.00	-----	-----	-----
2,013,192.94	25,151.27	1,988,041.67	199,934.88	199,934.88	-----
5,069,074.21	14,426.45	5,054,647.76	346,047.48	346,047.48	-----
3,240,008.74	-----	3,240,008.74	425.26	425.26	-----
-----	-----	-----	377,856.00	377,856.00	-----
-----	-----	-----	55,804.00	55,804.00	-----
-----	-----	-----	108,476.00	108,476.00	-----
-----	-----	-----	123,356.00	123,356.00	-----
-----	-----	-----	52,572.00	52,572.00	-----
\$ 25,697,614.02	\$ 3,408,007.01	\$ 22,289,607.01	\$ 1,952,285.78	\$ 1,952,285.78	\$ -0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
22,292,359.07	125,609.56	22,166,749.51	-0-	-----	-----
\$ 22,292,359.07	\$ 125,609.56	\$ 22,166,749.51	\$ -0-	\$ 8,145,147.90	\$ 8,145,147.90
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
53,671,266.41	382,099.21	53,289,167.20	-----	-----	-----
\$ 53,671,266.41	\$ 382,099.21	\$ 53,289,167.20	\$ -0-	\$ 25,223,949.74	\$ 25,223,949.74
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
3,603,983.41	38,985.53	3,564,997.88	-----	-----	-----
\$ 3,603,983.41	\$ 38,985.53	\$ 3,564,997.88	\$ -0-	\$ 6,106,652.98	\$ 6,106,652.98

EXHIBIT "E" Continued

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1,264,247.58		1,264,247.58			
\$ 1,264,247.58	\$ -0-	\$ 1,264,247.58	\$ -0-	\$ 1,321,232.93	\$ 1,321,232.93
\$ 982,437.60	\$ 500.00	\$ 981,937.60			
\$ 982,437.60	\$ 500.00	\$ 981,937.60	\$ 1,085,631.67	\$ 1,409,893.40	\$ 324,261.73
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1,610,959.29		1,610,959.29			
\$ 1,610,959.29	\$ -0-	\$ 1,610,959.29	\$ 908,812.20	\$ 1,539,294.56	\$ 630,482.36
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
			6,175,909.10		
			5,089,405.72		
			4,413,484.00		
			6,146,133.00		
			22,084,355.68		
			529,087.00		
			117,780.00		
79,678,805.30	43,138.77	79,635,666.53			
\$ 79,678,805.30	\$ 43,138.77	\$ 79,635,666.53	\$ 44,556,154.50	\$ 131,490,296.74	\$ 86,934,142.24
\$ 8,324,555.39	\$ -0-	\$ 8,324,555.39	\$ 17,742.20	\$ 65,630.78	\$ 47,888.58
\$ 171,428,614.05	\$ 590,333.07	\$ 170,838,280.98	\$ 46,568,340.57	\$ 175,302,099.03	\$ 128,733,758.46
\$ 197,126,228.07	\$ 3,998,340.08	\$ 193,127,887.99	\$ 48,520,626.35	\$ 177,254,384.81	\$ 128,733,758.46

EXHIBIT "E" Continued

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ 11,250,000.00	\$ -0-	\$ 11,250,000.00	\$ -0-	\$ -0-	\$ -0-
1,136,750.00	-----	1,136,750.00	-----	-----	-----
\$ 12,386,750.00	\$ -0-	\$ 12,386,750.00	\$ -0-	\$ -0-	\$ -0-
\$ 209,512,978.07	\$ 3,998,340.08	\$205,514,637.99	\$ 48,520,626.35	\$177,254,384.81	\$128,733,758.46
					(Exhibit "A")

STATEMENT OF ENCUMBRANCE ACCOUNTS, ALLOTMENTS, PROJECT ALLOCATIONS AND WORK
ORDER ALLOCATIONS

FOR FISCAL YEAR ENDED JUNE 30, 1965

EXHIBIT "F"

	Unallocated Allotments 7-1-64	Unallocated Project Balance 7-1-64	Current Year Allotments	Current Year Project Allocations	Current Year Work Order Allocations	Unallocated Allotments	Unallocated Project Balance
ENCUMBRANCE ACCOUNTS:							
MAINTENANCE AND CONSTRUCTION:							
Primary System (Schedule F-1).....	\$ 705,827.95	\$ 396,171.64	\$ 24,010,674.18	\$ 24,461,445.03	\$ 24,285,959.83	\$ 255,057.10	\$ 571,656.84
Secondary System (Schedule F-2).....	1,838,964.30	566,636.59	65,786,162.25	66,158,926.53	65,791,979.75	1,466,200.02	933,583.37
Urban System (Schedule F-3).....	1,680,422.63	12,741.32	5,716,812.49	5,499,067.17	5,420,306.02	1,898,167.95	91,502.47
Public Service Roads.....	1,910.26	106,000.00	1,628,755.14	1,583,886.22	1,587,861.22	46,779.18	102,025.00
TOTAL MAINTENANCE AND CONSTRUCTION	\$ 4,227,125.14	\$ 1,081,549.55	\$ 97,142,404.06	\$ 97,703,324.95	\$ 97,086,106.82	\$ 3,666,204.25	\$ 1,698,767.68
Capital Improvements.....	\$ -0-	\$ -0-	\$ 442,885.30	\$ 442,885.30	\$ 442,885.30	\$ -0-	\$ -0-
Federal Aid H.P.S. and H.P.R.....	-0-	-0-	1,711,390.71	1,711,390.71	1,711,390.71	-0-	-0-
Federal Aid Construction.....	-0-	-0-	98,513,813.42	98,513,813.42	98,513,813.42	-0-	-0-
State Aid to Municipalities.....	47,888.58	-0-	8,321,975.92	8,321,975.92	8,321,975.92	47,888.58	-0-
TOTAL ENCUMBRANCE ACCOUNTS.....	\$ 4,275,013.72	\$ 1,081,549.55	\$206,132,469.41	\$206,693,390.30	\$206,076,172.17	\$ 3,714,092.83	\$ 1,698,767.68

STATEMENT OF ENCUMBRANCE ACCOUNTS, PROJECT ALLOCATIONS, WORK ORDER
ALLOCATIONS AND EXPENDITURES

FOR FISCAL YEAR ENDED JUNE 30, 1965

EXHIBIT "G"

	Unexpended Project Allocations 7-1-64	Unexpended Work Order Allocations 7-1-64	Current Year Project Allocations	Current Year Work Order Allocations	Current Year Expenditures	Unexpended Project Allocations	Unexpended Work Order Allocations
ENCUMBRANCE ACCOUNTS:							
STATE MAINTENANCE AND CONSTRUCTION:							
Primary System (Schedule G-1).....	\$ 5,595,395.28	\$ 5,199,223.64	\$ 24,461,445.03	\$ 24,285,950.83	\$ 22,166,749.51	\$ 7,890,090.80	\$ 7,318,433.96
Secondary System (Schedule G-3).....	10,887,990.39	10,321,353.80	66,158,926.53	65,791,979.75	53,289,167.20	23,757,749.72	22,824,166.35
Urban System.....	2,274,415.74	2,261,674.42	5,499,067.17	5,420,306.02	3,564,997.88	4,208,485.03	4,116,982.56
Public Service Roads.....	954,815.11	848,815.11	1,583,886.22	1,587,861.22	1,264,247.58	1,274,453.75	1,172,428.75
TOTAL STATE MAINTENANCE AND CONSTRUCTION.....	\$ 19,712,616.52	\$ 18,631,066.97	\$ 97,703,324.95	\$ 97,086,106.82	\$ 80,285,162.17	\$ 37,130,779.30	\$ 35,432,011.62
CAPITAL IMPROVEMENTS.....							
Federal Aid H.P.S. and H.P.R.....	\$ 530,050.94	\$ 530,050.94	\$ 1,711,390.71	\$ 1,711,390.71	\$ 1,610,959.29	\$ 630,482.36	\$ 630,482.36
Federal Aid Construction.....	68,055,995.35	68,055,995.35	98,513,813.42	98,513,813.42	79,635,666.53	86,934,142.24	86,934,142.24
State Aid to Municipalities.....	2,579.47	2,579.47	8,321,975.92	8,321,975.92	8,324,555.39	-----	-----
TOTAL ENCUMBRANCE ACCOUNTS.....	\$ 89,164,556.31	\$ 88,083,006.76	\$ 206,693,390.30	\$ 206,076,172.17	\$ 170,838,280.98	\$ 125,019,665.63	\$ 123,320,897.95

SOURCE AND DISPOSITION OF FUNDS
FISCAL YEAR ENDED JUNE 30, 1965

EXHIBIT "H"

	Total	Current Fund	Debt Service Fund
SOURCE OF FUNDS:			
SURPLUS AND RESERVES BROUGHT FORWARD FROM PRIOR YEAR:			
Unappropriated Surplus.....	\$ 4,738,009.10	\$ 4,738,009.10	\$ -0-
Federal Participation.....	62,371,377.58	62,371,377.58	
State Funds to Match Federal Participation.....	12,061,713.51	12,061,713.51	
For Salary Adjustments.....	334,248.00	334,248.00	
For State Aid to Municipalities.....	70,968.12	70,968.12	
For Capital Improvements.....	1,528,516.97	1,528,516.97	
For Contingencies.....	68,928.00	68,928.00	
For Department of Motor Vehicles.....	106,615.00	106,615.00	
For Debt Service.....	28,591,987.75		28,591,987.75
TOTAL BROUGHT FORWARD FROM PRIOR YEAR.....	\$109,872,364.03	\$ 81,280,376.28	\$ 28,591,987.75
UNEXPENDED ALLOTMENTS BROUGHT FORWARD FROM PRIOR YEAR:			
Primary.....	\$ 6,301,223.23	\$ 6,301,223.23	
Secondary.....	12,726,954.69	12,726,954.69	
Urban.....	3,954,838.37	3,954,838.37	
Public Service Roads.....	956,725.37	956,725.37	
Federal Aid — Construction.....	68,586,046.29	68,586,046.29	
Capital Improvements.....	863,314.03	863,314.03	
State Aid to Municipalities.....	50,468.05	50,468.05	
TOTAL UNEXPENDED ALLOTMENTS BROUGHT FORWARD.....	\$ 93,439,570.03	\$ 93,439,570.03	
STATE REVENUE COLLECTIONS:			
Current Fund.....	\$157,104,956.68	\$157,104,956.68	
Debt Service Fund.....	18,484,490.62		18,484,490.62
	\$175,589,447.30	\$157,104,956.68	\$ 18,484,490.62
PARTICIPATION REVENUE:			
Federal Aid.....	\$ 45,093,191.35	\$ 45,093,191.35	
Property Owners.....	553,676.95	553,676.95	
Cities and Towns.....	203,305.59	203,305.59	
TOTAL PARTICIPATION REVENUE.....	\$ 45,850,173.89	\$ 45,850,173.89	
DEPARTMENTAL RECEIPTS: (Exh. "E")			
Department of Motor Vehicles.....	\$ 3,368,429.29	\$ 3,368,429.29	
Highway Commission.....	629,910.79	629,910.79	
TOTAL DEPARTMENTAL RECEIPTS.....	\$ 3,998,340.08	\$ 3,998,340.08	
TOTAL FUNDS AVAILABLE.....	\$428,749,895.33	\$381,673,416.96	\$ 47,076,478.37

EXHIBIT "H" Continued

	Total	Current Fund	Debt Service Fund
DISPOSITION OF FUNDS:			
Expenditures (Exhibit "E")			
FOR DEPARTMENTAL OPERATIONS:			
Highway Commission			
General Administration	\$ 2,013,192.94	\$ 2,013,192.94	
Engineering Administration	5,069,074.21	5,069,074.21	
Contributions to Retirement System	3,240,008.74	3,240,008.74	
STATE MAINTENANCE AND CONSTRUCTION:			
Primary	22,292,359.07	22,292,359.07	
Secondary	53,671,266.41	53,671,266.41	
Urban	3,603,983.41	3,603,983.41	
Public Service Roads	1,264,247.58	1,264,247.58	
Federal Aid-H.P.S. & H.P.R.	1,610,959.29	1,610,959.29	
Federal Aid Construction	79,678,805.30	79,678,805.30	
Capital Improvement 1961-63	222,411.16	222,411.16	
Capital Improvement 1963-65	760,026.44	760,026.44	
TOTAL HIGHWAY COMMISSION	\$173,426,334.55	\$173,426,334.55	
Non-Highway Departments:			
Department of Motor Vehicles	\$ 14,879,940.85	\$ 14,879,940.85	
Department of Agriculture	339,411.00	339,411.00	
Utilities Commission	155,986.28	155,986.28	
	\$ 15,375,338.13	\$ 15,375,338.13	
State Aid to Municipalities	\$ 8,324,555.39	\$ 8,324,555.39	\$
Debt Service Retirements	12,386,750.00	12,386,750.00	12,386,750.00
	\$ 20,711,305.39	\$ 8,324,555.39	\$ 12,386,750.00
TOTAL EXPENDITURES	\$209,512,978.07	\$197,126,228.07	\$ 12,386,750.00
FOR STATE MAINTENANCE AND CONSTRUCTION:			
Primary	\$ 8,145,147.90	\$ 8,145,147.90	
Secondary	25,223,949.74	25,223,949.74	
Urban	6,106,652.98	6,106,652.98	
Public Service Roads	1,321,232.93	1,321,232.93	
Federal Aid H.P.S. and H.P.R.	630,482.36	630,482.36	
Federal Aid Construction	86,934,142.24	86,934,142.24	
Capital Improvements 1961-63	162.28	162.28	
Capital Improvements 1963-65	324,099.45	324,099.45	
State Aid to Municipalities	47,888.58	47,888.58	
TOTAL UNEXPENDED ALLOTMENTS CARRIED			
FORWARD (Exhibit "E")	\$128,733,758.46	\$128,733,758.46	

EXHIBIT "H" Continued

	Total	Current Fund	Debt Service Fund
RESERVE FUNDS CARRIED FORWARD:			
For Federal Participation H.P.S. and H.P.R.	\$ 792,369.53	\$ 792,369.53	\$ -0-
For Federal Aid Participation — Construction	38,380,245.40	38,380,245.40	
For State Funds to Match Federal Funds H.P.S. and H.P.R.	116,442.67	116,442.67	
For State Funds to Match Federal Funds — Construction	6,175,909.10	6,175,909.10	
For State Aid to Municipalities	17,742.20	17,742.20	
For Capital Imp. Funds 1961-63	12,887.56	12,887.56	
For Capital Imp. Funds 1963-65	1,072,744.11	1,072,744.11	
For Employer's Contribution to Retirement System	10,000.00	10,000.00	
For Additional Salary Requirements	157,782.00	157,782.00	
For Appropriations in Excess of Estimated Revenues 1965-67	6,450,125.00	6,450,125.00	
For Debt Service	34,689,728.37		34,689,728.37
	\$ 87,875,975.94	\$ 53,186,247.57	\$ 34,689,728.37
UNAPPROPRIATED SURPLUS	\$ 2,627,182.86	\$ 2,627,182.86	
TOTAL DISPOSITION OF FUNDS	\$428,749,895.33	\$381,673,416.96	\$ 47,076,478.37

STATEMENT OF BONDED INDEBTEDNESS AND DEBT SERVICE REQUIREMENTS

AUTHORIZED BY CHAPTER 1250, SESSION LAWS OF 1949
AS OF JUNE 30, 1965

SCHEDULE I-1

DEBT SERVICE CASH ON HAND JULY 1, 1964			\$ 28,591,987.75
REVENUE COLLECTIONS 1964-65			18,484,490.62
TOTAL AVAILABLE			\$ 47,076,478.37
MATURITIES 1964-65:			
Principal		\$ 11,250,000.00	
Interest		1,136,750.00	12,386,750.00
CASH ON HAND JUNE 30, 1965			\$ 34,689,728.37
	Bonds Retired	Bonds Outstanding	
1950-51	\$ 6,000,000.00	\$ -0-	
1951-52	6,100,000.00		
1952-53	5,500,000.00		
1953-54	9,400,000.00		
1954-55	9,550,000.00		
1955-56	9,700,000.00		
1956-57	9,850,000.00		
1957-58	10,000,000.00		
1958-59	10,200,000.00		
1959-60	10,350,000.00		
1960-61	10,500,000.00		
1961-62	10,700,000.00		
1962-63	10,850,000.00		
1963-64	11,050,000.00		
1964-65	11,250,000.00		
1965-66		11,400,000.00	
1966-67		11,600,000.00	
1967-68		11,800,000.00	
1968-69		12,000,000.00	
1969-70		12,200,000.00	
	\$141,000,000.00	\$ 59,000,000.00	

APPENDIX "B"

NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

REPORT ON AUDIT

FISCAL YEAR ENDED JUNE 30, 1966

JOSEPH M. HUNT, *Chairman*

W. F. BABCOCK, *Administrator*

JOHN L. ALLEN, *Controller*

Commissioners

J. B. BRAME
G. H. BROADRICK
W. B. GARRISON
T. S. HARRINGTON
G. L. HUNDLEY
*B. C. LANGSTON
DON MATTHEWS, JR.

JOHN F. MCNAIR
CARL MEARES
A. M. MURPHY
CARL RENFRO
W. C. RUSS
RAYMOND SMITH
J. G. STIKELEATHER, JR.

* Deceased, October 1966—Succeeded by W. W. Exum

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**DEPARTMENT OF STATE AUDITOR
BUREAU OF INSTITUTIONAL AND DEPARTMENTAL
AUDITING**

Raleigh, North Carolina

THE ADVISORY BUDGET COMMISSION

RALEIGH, NORTH CAROLINA

Gentlemen:

We have examined the books and records of the North Carolina State Highway Commission consisting of the Current Fund, Debt Service Fund, Equipment Fund and Bond Fund for the fiscal year ended June 30, 1966. The financial condition, and results of operations are set forth in Exhibits "A" through "H" and supporting Schedules A-1 through A-15, C-1 and C-2, and D-1 and D-2.

CURRENT FUND

EXHIBIT "A"

Cash in Banks \$21,050.00:

These checking accounts are provided Division engineers and Equipment superintendents for paying miscellaneous emergency bills for less than \$25.00. Reimbursements are made upon submission of paid bills. A list of those responsible for these accounts are listed under Schedule A-1.

Cash on Deposit—State Treasurer \$70,312,310.40:

On June 30, 1966 cash deposits with State Treasurer amounted to \$70,312,310.40. This was a net decrease of \$3,320,806.82 compared with June 30, 1965. Schedule A-2 shows a statement of cash receipts and schedule A-3 shows the cash disbursements for the year.

Travel Advance to Employees \$21,043.00:

Schedule A-4 shows a list of employees who have drawn advances to cover away from home travel status either on a temporary or permanent basis. These advances are furnished where the out-of-pocket expenses would be greater than the employee would normally be expected to furnish from his own funds.

State Departments, Agencies and Institutions \$372,678.56:

Accounts receivable from State Departments at June 30, 1966 consisted of Gasoline tax refunds due from the Dept. of Revenue for April, May and June in the amount of \$275,624.16. Payment was received during August 1966. The balance of \$97,054.40 in this account represents charges for materials or services. During July 1966 \$28,702.23 was received in payment of these charges. Schedule A-4 sets forth the details of these receivables.

Due From Utilities and Other Public Service Agencies \$105,695.47:

This part of accounts receivable consists of future installments due from utilities and other public service agencies listed on Schedule A-6. These accounts arise for construction and relocation of highways and

bridges, drainage and watershed projects, together with charges for labor and materials. The account with U. S. Dept. of Justice covers work started in 1963, and apparently completed in the amount of \$42,812.00, but the job has not been billed or the project closed by the Highway Commission.

Due From Cities and Towns \$2,097,555.90:

This amount represents balances due from municipalities resulting from contracts with the N. C. State Highway Commission for construction and maintenance projects. A list of these cities and town are shown in Schedule A-7. An analysis of these accounts shows the following due dates and amounts:

Date Due		Amount
Fiscal Year	1956-57	
"	" 57-58	\$ 7,914.28
"	" 58-59	2,448.95
"	" 59-60	9,335.52
"	" 60-61	51,015.84
"	" 61-62	400.00
"	" 62-63	5,436.95
"	" 63-64	9,573.15
"	" 64-65	11,350.17
"	" 65-66	8,758.32
"	" 66-67	72,104.69
"	" 67-68	689,015.17
"	" 68-69	582,097.89
"	" 69-70	288,631.56
"	" 70-71	149,269.08
"	" 71-72	61,834.29
"	" 72-73	29,000.00
"	" 73-74	22,000.00
"	" 74-75	22,000.00
"	" 75-76	22,341.32
"	" 76-77	14,202.66
	Upon Completion	7,000.00
		31,826.06
		<hr/>
		\$2,097,555.90
		<hr/>
Past Due Amounts at June 30, 1966		\$ 177,337.87

Due From Bond Fund \$2,342,819.90:

This amount is made up of expenditures made for the period February 1966 through June 30, 1966 on the construction program being carried out under the State Highway Bond Act of 1965. Amounts expended from the Current Fund for this purpose are to be reimbursed periodically by the Bond Fund from cash borrowed by the issuance of Bond Anticipation Notes. None of the Bonds had been sold at June 30, 1966.

Due From Federal Government \$13,290,629.00:

This represents the amount due from the U. S. Bureau of Public Roads as their share of Federal Aid Participation in construction contracts which had been earned and billed by the N. C. State Highway Commission.

Other Receivables \$156,616.02:

Schedule A-9 shows a detailed list of accounts classified as Other Receivables. These accounts were aged as follows:

Age	Amount
Less Than 30 Days	\$ 19,907.95
30-180 Days	20,986.54
180-270 Days	3,565.82
270-360 Days	77,374.93
More Than One Year	34,780.78
	<hr/>
	\$ 156,616.02

Federal Aid Allocations \$112,599,609.19:

An analysis of Federal aid apportionment will be found in Schedule A-10. Construction allocations are presented by system and phase of operation.

The North Carolina Highway Commission and the Bureau of Public Roads, in a cooperative and joint developmental program known as the "Current Billing and Concurrent Audit Program", completed a new billing procedure effective as of July 1, 1965, to facilitate Federal Aid reimbursement to the Highway Commission for eligible expenditures under the Federal Aid Highway Program. The current billing and Concurrent Audit Program is designed to facilitate the reimbursement of state incurred costs through a greater reliance on states' accounting system and procedures which control the generation of all costs incurred in the operation of the State Highway Commission.

An understanding, known as the "Memorandum of Understanding", established on behalf of both the Bureau and the Commission a cutoff date for conversion to the New Plan; the manner in which the Commission's claims will be submitted and supported; the payment of claims; and other criteria pertinent to the successful operation of the new billing procedure.

In connection with the implementation of Current Billing and Concurrent Audit Program, the Highway Commission also expanded its accounting system and procedures to incorporate the related activity of Federal Aid Fund Accounting which will provide accurate and currently dated financial management status reports of the Federal Aid Program from the Apportionment stage to the project finalization stage.

Under the provisions of Current Billing and Concurrent Audit certain standards must be met before the Commission is permitted to bill the Federal Government for reimbursement of Federal Aid construction expenditures. If these standards are not met the expenditures are placed under Exceptions and payments are suspended until such time as the cause of the exceptions are removed by appropriate action on the part of the Commission.

The most common causes for exceptions are coded and listed below:

2. Documentation needed
3. No Project Agreement
4. Agreement Modification Needed
5. Bureau of Public Roads Citation
9. Reversal of Contract Retents

The machine run on exceptions outstanding since the starting date for Current Billing and Concurrent Audit on July 1, 1965 is shown below at June 30, 1966 and again November 30, 1966.

	Total	Federal Participation	State Participation
June 30, 1966	\$11,756,695.86	\$ 7,726,977.00	\$4,029,718.86
November 30, 1966	16,154,506.62	10,569,594.00	5,584,912.62

In addition to the above the Federal Aid officer estimated \$2,493,770.00 as being under the exception list for projects dating prior to July 1, 1965. This would mean that an aggregate of \$18,648,276.62 was under the exception category at November 30, 1966.

Total Exceptions Above From
7-1-65 to 11-30-66

\$16,154,506.62

Reasons for the exceptions:

2. Documentation Needed	\$1,806,152.45
3. No Project Agreement	7,980,780.80
4. Agreement Modification Needed	5,971,403.95
5. Bureau Citations	—0—
9. Reversal of Contract Retents	396,169.42

\$16,154,506.62

This \$16,154,506.62 represents 11.87% of the total Federal Aid Expenditures made from July 1, 1965 to November 30, 1966.

Inventories—Stores \$4,930,256.12:

We were not present when inventories were counted. Inventories are shown at values taken by management. Certain items were tested at the Central Garage and mathematical computations were verified on a limited basis. Gasoline is billed out at approximately 1½¢ per gallon over actual cost, and all fractional gallons reading on pumps are raised to the next even figure. As a result a mark-up on the gasoline was realized in the amount of \$276,832.65.

Inventory in transit represents outstanding purchases of Inventories accrued at June 30, 1966. See Schedule A-11 for details.

Completed Parts—Equipment \$2,816,960.70:

This item represents completed parts of equipment which have not been identified by equipment number, and resulted from accrual of outstanding purchase orders as of June 30, 1966.

Undistributed Charges \$4,872.80:

This represents charges made to job orders and work orders unidentifiable at June 30, 1966. These charges were distributed during the month of July 1966.

Securities Held for Others \$353,000.00:

The securities shown above are in the safety deposit box at Wachovia Bank and Trust Co., and were deposited for contractors in lieu of performance bonds on construction projects. We verified these bonds by actual count.

Advance Acquisition of Right-of-Way \$351,535.51:

This represents investments in right-of-way, purchased for proposed highway projects, the plans for which may not be developed until some time in the future.

Accounts Payable—\$9,483,041.79:

This total is made up of the following outstanding purchase commitments and contracts for Personal Services:

Accrual of Unfilled Purchase Orders	\$9,210,850.30
Accrual of Gas and Oil Purchases	44,418.03
Accrual of Workmen's Compensation Claims	41,052.72
Accrual of Tort Claims	133,891.68
Accrual Group Insurance Premiums	49,018.67
Accrual of Prison Labor	1,700.00
Accrual of Commissioners' Per Diem	1,355.37
Accrual of I.B.M. Machine Rental	755.02
	<u>\$9,483,041.79</u>

Due to Equipment Fund \$7,450,227.55:

The Equipment Fund charges the Current Fund for rental on each unit of equipment used for Maintenance or Construction. The Current Fund pays for all equipment and charges the Equipment Department for such outlays.

Allowance for Employees Vacation, Sick Leave, Holidays and Compensatory Leave—\$1,747,155.10:

This balance represents accruals for employees' sick leave, annual leave, holidays, and compensatory leave earned in excess of this type of leave taken since November 1, 1959.

Accrued Payroll—\$921,639.65:

This amount represents the accrual of gross payroll for June 27-28-29 and 30, 1966, of the pay period which ended July 8, 1966.

Accrued Taxes Payable—\$244,509.18:

This item consists of state and Federal Income Taxes of F. I. C. A. withheld from employees salaries, and N. C. Sales and Use Taxes which have not become due at June 30, 1966.

Other Credits—\$410,346.56:

This item consists of:

Securities Held for Others	\$353,000.00
Cash Deposits Purchasers of Structures	42,964.84
Undistributed Motor Vehicle Revenue	14,381.72
	<u>\$410,346.56</u>

Encumbrance Allotments—\$160,766,983.23:

This represents the unexpended portion of encumbrance allotments at June 30, 1966, which had been approved by the Budget Division of the Department of Administration. These unexpended balances are not reverted to unappropriated surplus at the close of the fiscal year, but continue to be available until the project is closed and completed.

As a customary audit procedure we examined the work order allocations and expenditures to see the amount of money and number of projects running in an overdraft status. We found the following overdrafts at June 30, 1966:

	No. of Work Orders	Amount of Overdraft
Primary System	204	\$ 1,023,502.63
Secondary System	363	2,906,651.95
Urban System	91	209,572.37
Public Service Roads	38	188,288.71
Capital Improvement	18	61,055.93
Federal HPS/HPR	30	146,618.35
Federal Aid Construction	235	5,493,175.22
	<u>979</u>	<u>\$10,028,865.16</u>

A few of the larger overdrafts are listed below:

Date	Work Order Number	Overdraft Amount
June 30, 1966	6.800863	\$ 117,399.94
	5.912	85,801.92
	6.901069	72,782.27
	8.11587	86,388.95
	8.11787	194,965.00
	8.13438	151,145.84
	8.13457	114,091.73
	8.14164	171,556.76
	8.14773	116,421.82
	8.15257	99,914.99
	8.17376	237,270.47
	8.17942	112,214.50
	8.19030	99,829.93
		<u>\$1,659,784.12</u>

On September 30, 1966 the Finance Department ran off a list of work orders which were inactive, in that no charges had been made to these work orders for a period ranging from 15 months to 90 days. A summary of this run is shown below:

	Number of Work Orders	System	Unexpended Balance
Primary	73		
	1	Statewide Construction	\$ 278,596.24
	29	Statewide Maintenance	24,977.42
	92	Divisionwide Construction	997,505.83
Secondary	57	Divisionwide Maintenance	376,570.99
	1	Statewide Construction	413,750.14
	238	Statewide Maintenance	3,606.45
	56	County Construction	1,902,095.79
Urban	11	County Maintenance	63,040.40*
	67	Statewide Construction	188.46
	107	Divisionwide Construction	998,388.68
	84	Divisionwide Maintenance	567,717.44
Public Service Roads	65	Cities & Towns by Divisions	2,171,491.33
Capital Improvements	60		142,197.47
Federal Aid H/PS-			128,557.72
H/PR	62		292,800.04
Federal Aid Const.	949		76,659,322.99
	<u>1,952</u>		<u>\$84,894,726.64</u>

* Indicates Red Figures

Where possible, the work orders that are completed or where no further work is planned, action should be taken to close the work order thereby making funds available for other projects, or used to cover overdrafts.

The 84 work orders identified as cities and towns for \$2,171,491.38 represents allocations made under the new 1965 Bond Act, the majority of which have been set up for a period of only four months.

Reserves—\$24,568,458.60:

These are funds reserved for participation and matching federal funds for road construction, retirement contributions, salary adjustments and other purposes as shown in detail on Exhibit "A".

Unappropriated Surplus—\$4,199,382.73:

An analysis of transactions and changes in the unappropriated surplus during the fiscal year ended June 30, 1966 is presented below:

Balance July 1, 1965		\$2,627,182.96
Add:		
Current Years Unallotted Appropriations	\$2,281,691.50	
Excess of Actual Revenue Over Estimated	2,140,902.31	
Excess Reserve for State Aid to Municipalities	411,128.12	
		4,833,721.93
		\$7,460,904.79
Deduct:		
Appropriations by Governor	\$2,206,366.06	
Funds Reserved for Retirement Contributions	369,000.00	
Funds Reserved for Salary Requirements	195,000.00	
Funds Reserved Dept. of Motor Vehicles	491,156.00	
		3,261,522.06
Balance June 30, 1966		\$4,199,382.73

The state has approximately 72, 822 miles of highway. During the fiscal year under examination the expenditures for maintenance and construction were as follows:

For Maintenance	\$64,302,815.19
For Construction	27,672,261.96
Total	\$91,975,077.15

PRISON LABOR

Expenditures for prison labor for maintenance and construction of roads and maintenance of Highway Building were as follows:

	Average Number of Prisoners Per Day	Cost
Maintenance and Construction	3,321	\$4,184,540.00
Janitorial Services Highway Bldg.	17	21,505.00
	3,338	\$4,206,045.00

Revenue collections for the fiscal year 1965-66 exceeded the estimated revenue by \$2,140,902.31, as shown on Exhibit "B".

Revenue collections for the fiscal year 1965-66 exceeded the expenditures by \$4,987,635.67 as may be seen from the following summarized comparison.

	Fiscal Year Ended		Increase
	June 30, 1966	June 30, 1965	Decrease*
Revenues:			
Motor Vehicle	\$164,290,042.40	\$153,933,693.74	\$10,356,348.66
Federal Aid	62,397,557.26	45,093,191.35	17,304,365.91
Participation	1,629,198.12	756,982.54	872,215.58
Miscellaneous	3,728,859.91	3,171,262.94	557,596.97
	\$232,045,657.69	\$202,955,130.75	\$29,090,527.12
Expenditures:			
Non-Highway Departments	\$ 16,784,454.56	\$ 12,006,908.84	\$ 4,777,545.72
General Administration	2,603,864.57	1,958,041.67	615,822.90
Engineering Administration	6,058,226.50	5,054,647.76	1,003,578.74
Contributions to Ret. Fund	5,589,504.93	3,240,008.74	2,349,496.19
State Maint. and Construction	91,212,936.27	80,255,162.17	10,927,774.10
Federal Aid	94,320,593.69	81,246,625.82	13,073,967.87
Capital Improvements	1,712,432.52	981,937.60	730,494.92
State Aid to Municipalities	8,776,008.98	8,324,555.39	451,453.59
	\$227,058,022.02	\$193,127,887.99	\$33,930,134.03
Excess Revenue Over Expenditures	\$ 4,987,635.67	\$ 9,827,242.58	\$ 4,839,606.91*

* Indicates Red Figures

STATE AID TO MUNICIPALITIES UNDER GENERAL STATUTES
136-41.1 TO 136-41.3 KNOWN AS POWELL BILL

Exhibit "G" shows a list of the towns and cities receiving the "Powell Bill" funds. The amount of the 1965 allocation (distributed during 1965-66) was calculated as follows:

Net Revenue Fiscal 1965	
(Gross 6¢ Motor Fuel Tax less refunds)	\$105,366,862.59
½¢ per gallon or 1/12th of the above figure	8,780,571.88
Less 1% temporarily withheld	87,805.72
	\$ 8,692,766.16
Plus 1% temporarily withheld last year (1964)	83,242.82
Amount of 1965 funds to be allocated	\$ 8,776,008.98

Half of the above total allocation, or \$4,388,004.49, is to be divided among all qualified municipalities on the basis of relative 1960 U. S. Census *Population*. The above half for population divided by 1,914,625 (i.e., the population of all eligible and qualified municipalities) provides a per capita rate of \$2.2918.

Half of the above total allocation, or \$4,388,004.49, is to be divided among all qualified municipalities on the basis of relative *mileage* of non-State System or local streets complying with the Act. This half divided by 8,941.69 miles (i.e., the total length of all such streets) provides a per mile rate of \$490.7355.

AIRPLANE OPERATIONS—AIR COMMANDER 500

The airplane is considered a part of the Equipment Department. The plane is rented to the Photogrammetry department. Any outside agencies are billed at the rate of \$72.83 per flight hours, together with pilots salary, subsistence and 10% for administrative overhead.

The results of the airplane operations for the fiscal year ended June 30, 1966 are as follows:

Income:		
Rental (Productive Hours)		\$22,012.90
Expenses:		
Repairs and Maintenance	\$ 1,673.51	
Gas, Oil, Grease and Wash	2,953.56	
Insurance	1,173.95	
Hanger Rental	1,105.00	
Depreciation	11,600.04	
		18,506.06
Net Income		\$ 3,506.84

The expenses as shown by the Equipment Department for the airplane were adjusted for errors in accrual of expenses in the amount of \$1,250.00, insurance not recorded in the amount of \$663.95 and an increase in depreciation of \$915.60. The income as shown by the Equipment department was decreased \$436.97 to eliminate maintenance flight time.

It is recommended that the maintenance time not be reported to the Equipment department, but instead only the productive hours shown, so that the Equipment department will reflect the correct amount of Income for each month of the fiscal year.

The formula used to determine the current rental rate is as follows:

Expenditures for the Fiscal Years 1963-66	+	Accumulative Operating Deficit as at June 30, 1966	=	Rate per Flight Hour
Productive Flight Hours for Fiscal Year 1963-66				
\$68,775.25	+	4,852.98		
		939.50	=	\$78.37

The computed rate of \$78.37 per flight hour has been submitted to the Bureau of Public Roads for their approval.

FERRY OPERATIONS

The State Highway Commission operated seven ferries during the year as shown on Schedule A-13. Expenditures incurred amounted to \$1,372,-137.12. Tolls are collected on the Cedar Island-Ocracoke Ferry and the Fort Fisher Southport ferry. These collections amounted to \$170,738.20, leaving a net cost to the state of \$1,201,398.92.

SALARIES AND WAGES

Schedule A-14 Comparative Statement of Salaries and Wages shows an increase of \$6,789,548.59.

The number of employees on the payroll at the close of the past two fiscal years is presented below:

Fiscal Year Ended	Permanent	Temporary	Total
6-30-66	9,387	3,447	12,834
6-30-65	8,979	2,887	11,866
Increase	408	560	968

The 1965 State Bond Highway Act provided for the Sale of three hundred million dollars in Bonds for highway construction. This work had just started at the close of the fiscal year 1966, and the full impact of necessary manpower has not yet been reached.

DEBT SERVICE FUND

A total of \$200,000,000.00 of bonded indebtedness was authorized by Chapter 1250, Session Laws of 1949. All of these bonds were issued. Through June 30, 1966, \$152,400,000.00 of the bonds had been retired, leaving a balance of \$47,600,000.00 outstanding. We refer you to Exhibit "F" for details. Cash transactions during the year were as follows:

Cash on Hand July 1, 1965		\$34,689,728.37
Add—Revenue Collections (Exhibit "B")		19,595,136.65
Total Available		\$54,284,865.02
Less: Expenditures:		
For Retirement of Bonds	\$11,400,000.00	
For Interest on Bonds	956,875.00	
		12,356,875.00
Cash on Hand June 30, 1966—Exhibit "A"		\$41,927,990.02

EQUIPMENT FUND

The Equipment Fund is charged with the responsibility of purchase, storage, issuance, repair and maintenance of equipment for highways operations. It is also responsible for purchase and storage of gasoline, oil, and accessories used in the operation of this rental equipment. Income is provided through rental charges to the departments using the equipment. Rental rates include factors for depreciation, obsolescence and operating expenses of the Equipment department. The fund is charged for operating expenses and purchase of new equipment.

ANALYSIS OF FUNDED RESERVE BALANCE FOR EQUIPMENT
FUND FISCAL YEAR ENDED JUNE 30, 1966

Funded Reserve July 1, 1965		\$ 4,775,237.55
Add:		
Funds Provided During Year:		
From Depreciation	\$ 6,020,841.03	
From Sale of Equipment	52,876.29	
From Operating Gain	2,037,360.96	
		<u>8,111,078.28</u>
Total Funds Provided		\$12,886,315.83
Funds Applied During Year:		
For Purchase of Equipment		5,436,088.28
Funded Reserve June 30, 1966		<u>\$ 7,450,227.55</u>

The Operating gain shown above is summarized below:

Total Receipts	\$23,196,704.05
Total Expenditures	21,159,343.09
	<u>2,037,360.96</u>
Operating Gain	\$ 2,037,360.96

ANALYSIS OF INVESTMENT IN EQUIPMENT FUND
FISCAL YEAR ENDED JUNE 30, 1966

Estimated Value of Equipment Recorded for Equipment		
Fund July 1, 1965		\$28,158,919.28
Add: Old Rental Equipment Added Since 7-1-65	\$ 21,525.00	
Operating Gain for Current Fiscal Year	2,037,360.96	
		<u>2,058,885.96</u>
Investment in Equipment Fund June 30, 1966		
(Exhibit "A")		<u>\$30,217,805.24</u>

BOND FUND

The General Assembly of 1965 passed the State Highway Bond Act of 1965; authorizing the State Treasurer to issue and sell bonds of the State to be designated as "State of North Carolina Highway Bonds" in an aggregate principal amount not to exceed \$300,000,000.00. This act was subject to the vote of the people of the state, and was approved by a majority of the qualified voters of the state of North Carolina at a special election held on November 2, 1965.

Since none of the bonds had been sold at June 30, 1966 the expenditures made to that date were provided from Current Fund cash. The Current Fund will be reimbursed periodically from the sale of Bond Anticipation Notes.

The financial condition of the Bond Fund for the fiscal year ended June 30, 1966 is presented in Exhibit "A".

Work orders with allocations of \$36,632,137.19 were made during the year. Expenditures were made in the amount of \$2,355,512.15 leaving an unexpended balance of \$297,657,180.10.

Respectfully submitted,

HENRY L. BRIDGES, *State Auditor*

Prepared by J. E. PEARCE

Approved:

M. L. WIDENHOUSE
C. P. A.

January 13, 1967

NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

BALANCE SHEET
CURRENT FUND
June 30, 1966

EXHIBIT "A"

ASSETS		LIABILITIES, ENCUMBRANCES, RESERVES AND SURPLUS	
CASH: In Banks (Schedule A-1) On Deposit State Treasurer (Schedule A-2)	\$ 21,050.00	LIABILITIES: Accounts Payable Due to Equipment Fund Allowance for Employees Vacation, Sick Leave, Holidays and Compensatory Leave Accrued Payroll Accrued Taxes Payable	\$ 9,483,041.79 7,450,227.55 1,747,155.10 921,639.65 244,509.18
	70,312,310.40		
	\$ 70,333,360.40		
ACCOUNTS RECEIVABLE: Travel advances to Employees (Schedule A-4) State Departments & Agencies (Schedule A-5) Department Motor Vehicles Imprest Cash Due from Utilities and Other Public Service Agencies (Schedule A-6) Due from Cities and Towns (Schedule A-7) Due from Former Employees Payroll Adjustment Loan Due from Bond Fund Due from Federal Government (Schedule A-8) Other Receivables (Schedule A-9)	\$ 21,043.00 372,678.56 15,000.00 105,695.47 2,097,555.90 111.72 2,342,819.90 13,290,629.00 156,616.02	OTHER CREDITS: Special Deposits Undistributed Motor Vehicle Revenue ENCUMBRANCE ALLOTMENTS: STATE MAINTENANCE AND CONSTRUCTION: Primary System Secondary System Urban System Public Service Roads Capital Improvements Federal Aid H.P.S./H.P.R. Federal Aid Construction	\$ 395,964.84 14,381.72 \$ 11,917,586.26 25,768,730.83 7,302,188.37 1,219,330.61 2,092,473.13 758,836.79 111,707,837.24
FEDERAL AID ALLOCATIONS (Schedule A-10)			\$ 19,846,573.27 410,346.56 160,766,983.23

EXHIBIT "A" Continued

ASSETS		LIABILITIES, ENCUMBRANCES, RESERVES AND SURPLUS	
INVENTORIES: Stores (Schedule A-11)----- Completed Parts — Equipment-----	\$ 4,930,256.22 2,816,960.70		
		\$ 7,747,216.92	
OTHER DEBITS: Undistributed Charges----- Securities Held for Others----- Advance Acquisition of Right-of-Way-----	\$ 4,872.80 353,000.00 351,535.51		
			709,408.31
TOTAL ASSETS-----			\$209,791,744.39
		RESERVES AND SURPLUS:	
		RESERVES:	
		Reserve for Federal Participation H.P.S./H.P.R.---	\$ 1,040,279.16
		Reserve for Federal Participation-Constr.-----	16,874,671.03
		Reserve for State Funds to Match Federal Participation: H.P.S./H.P.R.-----	
		Construction-----	261,517.67
		Reserve for State Aid to Municipalities-----	1,528,175.31
		Reserve for Capital Improvements-----	70,193.68
		Reserve for Employers Contribution to the Retirement System-----	797,787.75
		Reserve for Additional Salary Requirements-----	369,000.00
		Reserve for Department of Motor Vehicles-----	195,000.00
		Reserve for Appropriations in Excess of Estimated Revenues-----	491,156.00
			2,940,678.00
			\$ 24,568,458.60
		UNAPPROPRIATED SURPLUS:	
		Balance July 1, 1965-----	\$ 2,627,182.86
		Less: Transfers to Appropriations-----	2,206,366.06
			\$ 420,816.80
		Add: Balance from Current Year's Operations-----	3,778,565.93
		Balance June 30, 1966-----	4,199,382.73
			\$ 28,767,841.33
		TOTAL LIABILITIES, ENCUMBRANCES, RESERVES AND SURPLUS-----	\$209,791,744.39

NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

BALANCE SHEET

DEBT SERVICE FUND

June 30, 1966

—14—
EXHIBIT "A"

ASSETS	
CASH ON DEPOSIT — STATE TREASURER.....	\$ 41,927,990.02
TOTAL ASSETS.....	\$ 41,927,990.02
FUNDED RESERVE	
Funded Reserve for Debt Service.....	\$ 41,927,990.02
TOTAL FUNDED RESERVE.....	\$ 41,927,990.02

NOTE: This fund relates to the \$200,000,000.00 bonds issued under Chapter 1250, Session Laws of 1949, and the 1 cent gasoline tax for debt service.

NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

BALANCE SHEET

EQUIPMENT FUND

June 30, 1966

—15—
EXHIBIT "A"

ASSETS	
DUE FROM CURRENT FUND.....	\$ 7,450,227.55
Equipment.....	\$ 50,750,187.24
LESS — Accumulated Depreciation.....	27,802,609.55
Net Book Value of Equipment.....	22,947,577.69
TOTAL ASSETS.....	\$ 30,397,805.24
INVESTMENT	
Investment in Equipment Fund.....	\$ 30,217,805.24
Equipment on Loan from Federal Government.....	180,000.00
TOTAL INVESTMENT.....	\$ 30,397,805.24

NORTH CAROLINA STATE HIGHWAY COMMISSION
Raleigh, North Carolina

BALANCE SHEET

BOND FUND
June 30, 1966

—16—
EXHIBIT "A"

ASSETS			
BONDS:			
Bonds Authorized		\$300,000,000.00	
Less: Bonds Issued		-0-	
Bonds authorized and unissued			\$300,000,000.00
TOTAL ASSETS			\$300,000,000.00

LIABILITIES AND RESERVES			
LIABILITIES:			
Due to Current Fund			\$ 2,342,819.90
RESERVES:			
UNALLOTTED RESERVES:			
Reserve for Expenditures — Bond Fund Bond Proceeds	\$300,000,000.00		
Reserve for Expenditures — Bond Fund Property			
Owners Participation	12,692.25		
	\$300,012,692.25		
Less: Allotments — Current Year	36,632,137.19		
TOTAL UNALLOTTED RESERVE		\$263,380,555.06	
Unexpended Allotments	\$ 36,632,137.19		
Less: Expenditures Current Year	2,355,512.15		
		34,276,625.04	
			297,657,180.10
			\$300,000,000.00

STATEMENT OF REVENUE
FISCAL YEAR ENDED JUNE 30, 1966

EXHIBIT "B"

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
CURRENT FUND:					
Automobile License.....	\$ 17,067,074.87	\$ 16,445,000.00	\$ 622,074.87	\$ 16,148,445.95	\$ 918,628.92
Truck License.....	16,574,471.66	15,800,000.00	774,471.66	15,465,710.68	1,108,760.98
For Hire License.....	2,167,619.42	2,127,000.00	40,619.42	1,976,588.96	191,030.46
Motorcycle License.....	98,728.96	31,000.00	67,728.96	53,604.31	45,124.65
Bus and Franchise.....	8,078,884.23	7,010,000.00	1,068,884.23	7,020,534.82	1,058,349.41
Gasoline Tax — 6 cents.....	111,938,285.80	113,700,000.00	1,761,714.20*	105,366,862.59	6,571,423.21
Gasoline Tax Refunds to Highway Comm.....	862,593.96	800,000.00	62,593.96	844,046.46	18,547.50
Gasoline Inspection Fees.....	4,795,870.54	4,725,000.00	70,870.54	4,515,780.09	280,090.45
Title Fees.....	1,790,899.45	1,680,000.00	110,899.45	1,645,268.03	145,631.42
Penalties.....	772,609.65	715,000.00	57,609.65	766,725.82	5,883.83
Highway Usage Registration Fees.....	141,419.86	130,000.00	11,419.86	128,607.09	12,812.77
Certificate Fees.....	1,584.00	-----	1,584.00	1,518.94	65.06
	\$164,290,042.40	\$163,163,000.00	\$ 1,127,042.40	\$153,933,693.74	\$ 10,356,348.66
OTHER INCOME:					
Interest on Drafts.....	\$ 15,543.99	\$-----	\$ 15,543.99	\$ 13,400.39	\$ 2,143.60
Interest Income on Investment.....	3,708,759.07	2,700,000.00	1,008,759.07	3,151,908.73	556,850.34
Miscellaneous.....	4,556.85	15,000.00	10,443.15*	5,963.82	1,396.97*
	\$ 3,728,859.91	\$ 2,715,000.00	\$ 1,013,859.91	\$ 3,171,262.94	\$ 557,596.97
TOTAL STATE REVENUE.....	\$168,018,902.31	\$165,878,000.00	\$ 2,140,902.31	\$157,104,956.68	\$ 10,913,945.63

EXHIBIT "B" Continued

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
PARTICIPATING REVENUE:					
FEDERAL AID PARTICIPATION:					
Primary	\$ 10,341,487.93	\$	\$	\$ 10,491,860.00	\$ 150,372.07*
Secondary	9,064,474.49			9,342,916.00	278,441.51*
Urban	3,194,022.31			3,238,207.00	44,184.69*
Interstate	26,747,818.90			22,496,317.00	4,251,501.90
Forestry	188,549.00			203,316.00	14,767.00*
Appalachian Program	10,749,009.00				10,749,009.00
Emergency Relief				68,105.00	68,105.00*
Public Lands				1,400,000.00*	1,400,000.00
Outdoor Advertising Control	37,500.00			37,500.00	37,500.00
Junkyard Control	156,563.00			156,563.00	156,563.00
Landscaping and Scenic Enhancement	739,719.00			739,719.00	739,719.00
TOTAL FEDERAL AID PARTICIPATION — CONSTRUCTION	\$ 61,219,143.63	\$ 61,219,143.63	\$	\$ 44,440,721.00	\$ 16,778,422.63
CITIES AND TOWNS PARTICIPATION:					
STATE MAINTENANCE AND CONSTRUCTION:					
Primary	\$ 50,664.89	\$	\$	\$ 37,834.62	\$ 12,830.27
Secondary	2,549.97			720.00	1,829.97
Urban	55,042.50			4,735.00	50,307.50
Federal Aid HPS/HPR/PR	115,875.00			9,380.00	106,495.00
Federal Aid Construction	652,593.54			150,635.97	501,957.57
TOTAL CITIES AND TOWNS PARTICIPATION	\$ 876,725.90	\$ 876,725.90	\$	\$ 203,305.59	\$ 673,420.31

EXHIBIT "B" Continued

	Actual	Estimated	Actual Over-Under* Estimated	Actual Last Year	Increase Decrease*
PROPERTY OWNERS PARTICIPATION:					
Primary.....	\$ 48,394.40	\$	\$	\$ 15,877.31	\$ 32,517.09
Secondary.....	389,367.04			429,203.62	39,336.58*
Public Service Roads.....	144,683.99			102,223.60	42,460.39
Federal Aid Construction.....	169,526.79			3,872.42	165,654.37
Urban.....	-0-			2,500.00	2,500.00*
	\$ 752,472.22	\$ 752,472.22	\$	\$ 553,676.95	\$ 198,795.27
FEDERAL AID PARTICIPATION HPS/HPR:					
Primary.....	\$ 200,043.05	\$	\$	\$ 153,727.71	\$ 46,315.34
Secondary.....	181,333.10			136,874.76	44,458.34
Urban.....	62,393.49			47,422.83	14,970.66
Interstate.....	29,355.01*			314,445.05	343,800.06*
Highway Planning and Research.....	763,999.00				763,999.00
	\$ 1,178,413.63	\$ 1,178,413.63	\$	\$ 652,470.35	\$ 525,943.28
TOTAL CURRENT FUND REVENUE.....					
Debt Service Revenue 1 cent Gallon.....	\$232,045,657.69	\$229,904,755.38	\$ 2,140,902.31	\$202,955,130.57	\$ 29,090,527.12
	19,595,136.65	19,530,000.00	65,136.65	18,484,490.62	1,110,646.03
TOTAL REVENUE.....	\$251,640,794.34	\$249,434,755.38	\$ 2,206,038.96	\$221,439,621.19	\$ 30,201,173.15

**STATEMENT OF APPROPRIATIONS, APPORTIONMENTS,
FISCAL YEAR ENDED**

	Unexpended Allotments 7-1-65	Appropriations Apportionments Participations	Allotments
CURRENT FUND:			
CURRENT ACCOUNTS:			
Department of Motor Vehicles.....	\$ -0-	\$ 14,739,773.00	\$ 14,042,601.26
Department of Agriculture.....		363,134.00	363,134.00
Board of Education.....		2,191,099.00	2,191,099.00
Utilities Commission.....		191,801.00	187,620.30
Employers Contribution to Ret.....		5,685,086.00	5,589,504.93
Merit Salary Increment.....		9,256.00	
Legislative Salary Increases.....		110,911.00	
Legislative Salary Adjustments.....		27,013.00	
Reserve for Contingencies.....		79,207.00	
General Administration.....		3,110,007.06	2,603,864.57
Engineering Administration.....		6,810,455.00	6,058,226.50
TOTAL CURRENT ACCOUNTS.....	\$ -0-	\$ 33,317,742.06	\$ 31,036,050.56
ENCUMBRANCE ACCOUNTS:			
NON-HIGHWAY DEPARTMENT:			
State Aid to Municipalities.....	\$ 47,888.58	\$ 8,798,314.08	\$ 8,728,120.40
HIGHWAY COMMISSION:			
STATE MAINTENANCE AND CONSTRUCTION:			
PRIMARY SYSTEM:			
Appropriations.....	\$ 8,145,147.90	\$ 28,175,964.00	\$ 28,175,964.00
Participation by Cities and Towns.....		50,664.89	50,664.89
Participation by Property Owners.....		48,394.40	48,394.40
Expenditures.....			
TOTAL PRIMARY SYSTEM.....	\$ 8,145,147.90	\$ 28,275,023.29	\$ 28,275,023.29
STATE MAINTENANCE AND CONSTRUCTION:			
Secondary System:			
Appropriation.....	\$ 25,223,949.74	\$ 60,322,184.00	\$ 60,322,184.00
Participation-Cities and Towns.....		2,549.97	2,549.97
Participation-Property Owners.....		389,867.04	389,867.04
Expenditures.....			
TOTAL SECONDARY SYSTEM.....	\$ 25,223,949.74	\$ 60,714,601.01	\$ 60,704,601.01
URBAN SYSTEM:			
Appropriation.....	\$ 6,106,652.98	\$ 5,840,853.00	\$ 5,840,853.00
Participation Cities and Towns.....		55,042.50	55,042.50
Expenditures.....			
Total Urban System.....	\$ 6,106,652.98	\$ 5,895,895.50	\$ 5,895,895.50
PUBLIC SERVICE ROADS:			
Appropriation.....	\$ 1,321,232.93	\$ 1,593,585.00	\$ 1,593,585.00
Participation Property Owners.....		144,683.99	144,683.99
Expenditures.....			
TOTAL PUBLIC SERVICE ROADS.....	\$ 1,321,232.93	\$ 1,738,268.99	\$ 1,738,268.99

ALLOTMENTS AND EXPENDITURES
JUNE 30, 1966

EXHIBIT "C"

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ 18,438,154.74	\$ 4,395,553.48	\$ 14,042,601.26	\$ 797,171.74	\$ 697,171.74	\$ -0-
363,134.00		363,134.00			
2,191,099.00		2,191,099.00			
187,620.30		187,620.30	4,180.70	4,180.70	
5,589,504.93		5,589,504.93	95,581.07	95,581.07	
			9,256.00	9,256.00	
			110,911.00	110,911.00	
			27,013.00	27,013.00	
			79,207.00	79,207.00	
2,631,220.42	27,355.85	2,603,864.57	506,142.49	506,142.49	
6,073,170.89	14,944.39	6,058,226.50	752,228.50	752,228.50	
\$ 35,473,904.28	\$ 4,437,853.72	\$ 31,036,050.56	\$ 2,281,691.50	\$ 2,281,691.50	\$ -0-
\$ 8,776,008.98	\$ -0-	\$ 8,776,008.98	\$ 70,193.68	\$ 70,193.68	\$ -0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
24,639,224.23	136,639.30	24,502,584.93			
\$ 24,639,224.23	\$ 136,639.30	\$ 24,502,584.93	\$ -0-	\$ 11,917,586.26	\$ 11,917,586.26
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
60,785,350.84	615,530.92	60,169,819.92			
\$ 60,785,350.84	\$ 615,530.92	\$ 60,169,819.92	\$ -0-	\$ 25,768,730.83	\$ 25,768,730.83
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
4,710,330.77	\$ 9,970.66	4,700,360.11			
\$ 4,710,330.77	\$ 9,970.66	\$ 4,700,360.11	\$ -0-	\$ 7,302,188.37	\$ 7,302,188.37
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
1,840,171.31		1,840,171.31			
\$ 1,840,171.31	\$ -0-	\$ 1,840,171.31	\$ -0-	\$ 1,219,330.61	\$ 1,219,330.61

	Unexpended Allotments 7-1-65	Appropriations Apportionments Participations	Allotments
CURRENT FUND (Cont'd.):			
ENCUMBRANCE ACCOUNTS (Cont'd.):			
HIGHWAY CONSTRUCTION FEDERAL AID (Cont'd.):			
TOTAL STATE MAINTENANCE AND CONSTRUCTION	\$ 40,796,983.55	\$ 96,623,788.79	\$ 96,623,788.79
H.P.S./H.P.R. Federal Aid Brought Forward	\$ 630,482.36	\$ -0-	\$ -0-
Apportionments Available for Obligation		1,154,840.00	
Under Obligation		815,943.16	930,504.00
Participation Cities & Towns		115,875.00	115,875.00
Expenditures			
	\$ 630,482.36	\$ 2,086,658.16	\$ 1,046,379.00
STATE FUNDS TO MATCH	\$ -0-	\$ 884,079.67	\$ 622,562.00
TOTAL H.P.S./H.P.R.	\$ 630,482.36	\$ 2,970,737.83	\$ 1,668,941.00
HIGHWAY CONSTRUCTION FEDERAL AID:			
Unexpended Allotments Brought Forward	\$ 86,934,142.24	\$ -0-	\$ -0-
APPORTIONMENTS:			
Not available for Obligation		12,794,502.00	
Available for Obligation		4,233,066.00	
Under Obligation		82,571,821.03	82,724,718.00
Participation-Cities & Towns		652,593.54	652,593.54
Participation-Property Owners		169,526.79	169,526.79
Expenditures			
	\$ 86,934,142.24	\$100,421,509.36	\$ 83,546,838.33
State Funds to Match Federal Aid	\$ -0-	\$ 35,535,039.10	\$ 34,006,863.79
TOTAL FEDERAL AID CONSTRUCTION	\$ 86,934,142.24	\$135,956,548.46	\$117,553,702.12
CAPITAL IMPROVEMENTS:			
1961-63 Biennium:			
Appropriations	162.28	12,887.56	
Expenditures	\$ -	\$ -	\$ -0-
1963-65 BIENNIUM:			
Appropriations	324,099.45	794,977.11	503,876.92
Expenditures			
1965-67 BIENNIUM:			
Appropriations		3,470,567.00	2,976,767.00
Expenditures			
TOTAL CAPITAL IMPROVEMENTS	\$ 324,261.73	\$ 4,278,431.67	\$ 3,480,643.92
TOTAL ENCUMBRANCE ACCOUNTS	\$128,733,758.46	\$248,627,820.83	\$228,055,196.23
TOTAL CURRENT FUND	\$128,733,758.46	\$281,945,562.89	\$259,091,246.79

EXHIBIT "C" Continued

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ 91,975,077.15	\$ 762,140.88	\$ 91,212,936.27	\$ -0-	\$ 46,207,836.07	\$ 46,207,836.07
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
			1,154,840.00		
			114,560.84*		
1,540,586.57		1,540,586.57			
\$ 1,540,586.57	\$ -0-	\$ 1,540,586.57	\$ 1,040,279.16	\$ -0-	\$ -0-
\$ -0-	\$ -0-	\$ -0-	\$ 261,517.67	\$ -0-	\$ -0-
\$ 1,540,586.57	\$ -0-	\$ 1,540,586.57	\$ 1,301,796.83	\$ 2,060,633.62	\$ 758,836.79
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
			12,794,502.00		
			4,233,066.00		
			152,896.97*		
92,786,696.28	6,689.16	92,780,007.12			
\$ 92,786,696.28	\$ 6,689.16	\$ 92,780,007.12	\$ 16,874,671.03	\$ -0-	\$ -0-
\$ -0-	\$ -0-	\$ -0-	\$ 1,528,175.31	\$ -0-	\$ -0-
\$ 92,786,696.28	\$ 6,689.16	\$ 92,780,007.12	\$ 18,402,846.34	\$130,110,683.58	\$111,707,837.24
\$ -0-	\$ -0-	\$ 1,796.93	\$ 12,887.56	\$ 11,252.91	\$ 1,634.65*
443,852.53		443,852.53	291,100.19	675,224.03	384,123.84
1,266,783.06		1,266,783.06	493,800.00	2,203,783.94	1,709,983.94
\$ 1,712,432.52	\$ -0-	\$ 1,712,432.52	\$ 797,787.75	\$ 2,890,260.88	\$ 2,092,473.13
\$ 196,790,801.50	\$ 768,830.04	\$196,021,971.46	\$ 20,572,624.60	\$181,339,607.83	\$160,766,983.23
\$ 232,264,705.78	\$ 5,206,683.76	\$227,058,022.02	\$ 22,854,316.10	\$183,621,299.33	\$160,766,983.23

	Unexpended Allotments 7-1-65	Appropriations Apportionments Participations	Allotments
DEBT SERVICE FUND:			
Interest-Secondary Road Bonds.....	\$ -0-	\$ 956,875.00	\$ 956,875.00
Redemption of Secondary Road Bonds.....		11,400,000.00	11,400,000.00
	\$ -0-	\$ 12,356,875.00	\$ 12,356,875.00
GRAND TOTAL.....	\$128,733,758.46	\$294,302,437.89	\$271,448,121.79

*Indicates red figure

EXHIBIT "C" Continued

Expenditures			Unallotted Appropriations	Unexpended Appropriations	Unexpended Allotments
Gross	Receipts	Net			
\$ 956,875.00	\$ -0-	\$ 956,875.00	\$ -0-	\$ -0-	\$ -0-
11,400,000.00	-----	11,400,000.00	-----	-----	-----
\$ 12,356,875.00	\$ -0-	\$ 12,356,875.00	\$ -0-	\$ -0-	\$ -0-
\$ 244,621,580.78	\$ 5,206,683.76	\$239,414,897.02	\$ 22,854,316.10	\$183,621,299.33	\$160,766,983.23

STATEMENT OF ENCUMBRANCE ACCOUNTS, PROJECT ALLOCATIONS WORK ORDER
ALLOCATIONS AND EXPENDITURES

FISCAL YEAR ENDED JUNE 30, 1966

EXHIBIT "D"

	Unexpended Work Order Allocation 7-1-65	Unallocated Project Balance 7-1-65	Project Allocation Current Year	Work Order Allocation Current Year	Expenditures	Unallocated Project Balance	Unexpended Work Order Allocation
ENCUMBRANCE ACCOUNTS:							
STATE MAINTENANCE AND CONSTRUCTION:							
Primary System (Schedule G-1)	\$ 7,318,433.96	\$ 571,656.84	\$ 24,474,742.91	\$ 24,723,941.81	\$ 24,502,584.93	\$ 322,457.94	\$ 7,539,790.84
Secondary System (Schedule G-2)	22,824,186.35	933,583.37	55,241,788.18	55,091,276.49	60,169,819.92	1,084,095.06	17,745,622.92
Urban System	4,116,982.56	91,502.47	6,550,894.63	6,540,464.50	4,700,360.11	101,932.60	5,937,086.95
Public Service Roads	1,172,428.75	102,025.00	1,652,547.99	1,752,596.01	1,840,171.31	1,976.98	1,084,853.45
Capital Improvements 1961-63	162.28	-----	-----	-----	1,796.93	-----	1,634.65*
Capital Improvement 1963-65	324,099.45	-----	503,876.92	503,876.92	443,852.53	-----	384,123.84
Capital Improvement 1965-67	-----	-----	2,976,767.00	2,976,767.00	1,266,783.06	-----	1,709,983.94
Federal Aid H.P.S./H.P.R.	630,482.36	-----	1,668,941.00	1,668,941.00	1,540,586.57	-----	758,836.79
Federal Aid Construction	86,934,142.24	-----	117,553,702.12	117,553,702.12	92,780,007.12	-----	111,707,837.24
State Aid to Municipalities	-----	-----	8,776,008.98	8,776,008.98	8,776,008.98	-----	-----
	\$123,320,897.95	\$ 1,698,767.68	\$219,399,269.73	\$219,587,574.83	\$196,021,971.46	\$ 1,510,462.58	\$146,886,501.32

*Indicates Red Figure

**SOURCE AND DISPOSITION OF FUNDS
FISCAL YEAR ENDED JUNE 30, 1966**

EXHIBIT "E"

	Total	Current Fund	Debt Service Fund
SOURCE OF FUNDS:			
SURPLUS AND RESERVES BROUGHT FORWARD FROM PRIOR YEAR:			
Unappropriated Surplus.....	\$ 2,627,182.86	\$ 2,627,182.86	
Federal Participation HPS/HPR.....	792,369.53	792,369.53	
Federal Participation — Construction.....	38,380,245.40	38,380,245.40	
State Funds to Match Federal Funds HPS/HPR.....	116,442.67	116,442.67	
State Funds to Match Federal Funds — Construction.....	6,175,909.10	6,175,909.10	
For State Aid to Municipalities.....	17,742.20	17,742.20	
For Capital Improvements 1961-63.....	12,887.56	12,887.56	
For Capital Improvements 1963-65.....	1,072,744.11	1,072,744.11	
For Employers Contribution to Retirement Fund.....	10,000.00	10,000.00	
For Additional Salary Requirements.....	157,782.00	157,782.00	
For Appropriations in Excess of Estimated Revenues 1965-67.....	6,450,125.00	6,450,125.00	
For Debt Service.....	34,689,728.37		34,689,728.37
TOTAL RESERVED FUNDS BROUGHT FORWARD FROM PRIOR YEAR.....	\$ 90,503,158.80	\$ 55,813,430.43	\$ 34,689,728.37
UNEXPENDED ALLOTMENTS BROUGHT FORWARD FROM PRIOR YEAR:			
FOR STATE MAINTENANCE AND CONSTRUCTION:			
Primary System.....	\$ 8,145,147.90	\$ 8,145,147.90	
Secondary.....	25,223,949.74	25,223,949.74	
Urban.....	6,106,652.98	6,106,652.98	
Public Service Roads.....	1,321,232.93	1,321,232.93	
For Highway Construction — Federal Aid HPS and HPR.....	630,482.36	630,482.36	
Federal Aid Construction.....	86,934,142.24	86,934,142.24	
For Capital Improvements 1961-63.....	162.28	162.28	
For Capital Improvements 1963-65.....	324,099.45	324,099.45	
For State Aid to Municipalities.....	47,888.58	47,888.58	
TOTAL UNEXPENDED ALLOTMENTS BROUGHT FORWARD FROM PRIOR YEAR.....	\$128,733,758.46	\$128,733,758.46	
STATE REVENUE COLLECTIONS:			
Current Fund (Exhibit "D").....	\$168,018,902.31	\$168,018,902.31	
Debt Service Fund (Exh. "D").....	19,595,136.65		19,595,136.65
TOTAL STATE REVENUE COLLECTIONS.....	\$187,614,038.96	\$168,018,902.31	\$ 19,595,136.65
PARTICIPATING REVENUES: (Exhibit "D")			
Federal Aid HPS/HPR.....	\$ 1,178,413.63	\$ 1,178,413.63	
Federal Aid Construction.....	61,219,143.63	61,219,143.63	
Property Owners.....	752,472.22	752,472.22	
Cities and Towns.....	876,725.90	876,725.90	
TOTAL PARTICIPATING REVENUES.....	\$ 64,026,755.38	\$ 64,026,755.38	

EXHIBIT "E" Continued

	Total	Current Fund	Debt Service Fund
DEPARTMENTAL RECEIPTS:			
Highway Commission.....	\$ 811,130.28	\$ 811,130.28	
Department of Motor Vehicles.....	4,395,553.48	4,395,553.48	
TOTAL DEPARTMENTAL RECEIPTS.....	\$ 5,206,683.76	\$ 5,206,683.76	
TOTAL FUNDS AVAILABLE.....	\$476,084,395.36	\$421,799,530.34	\$ 54,284,865.02
DISPOSITION OF FUNDS:			
EXPENDITURES FOR DEPARTMENTAL OPERATIONS:			
HIGHWAY COMMISSION:			
General Administration.....	\$ 2,631,220.42	\$ 2,631,220.42	
Engineering Administration.....	6,073,170.89	6,073,170.89	
Contribution to Retirement System.....	5,589,504.93	5,589,504.93	
STATE MAINTENANCE AND CONSTRUCTION:			
Primary System.....	24,639,224.23	24,639,224.23	
Secondary System.....	60,785,350.84	60,785,350.84	
Urban System.....	4,710,330.77	4,710,330.77	
Public Service Roads.....	1,840,171.31	1,840,171.31	
Federal Aid HPS/HPR.....	1,540,586.57	1,540,586.57	
Federal Aid Construction.....	92,786,696.28	92,786,696.28	
Capital Improvements 1961-63.....	1,796.93	1,796.93	
Capital Improvements 1963-65.....	443,852.53	443,852.53	
Capital Improvements 1965-67.....	1,266,783.06	1,266,783.06	
TOTAL HIGHWAY COMMISSION.....	\$202,308,688.76	\$202,308,688.76	
NON-HIGHWAY DEPARTMENTS:			
Department of Motor Vehicles.....	\$ 18,438,154.74	\$ 18,438,154.74	
Department of Agriculture.....	363,134.00	363,134.00	
State Board of Education.....	2,191,099.00	2,191,099.00	
Utilities Commission.....	187,620.30	187,620.30	
TOTAL NON-HIGHWAY.....	\$ 21,180,008.04	\$ 21,180,008.04	
State Aid to Municipalities.....	\$ 8,776,008.98	\$ 8,776,008.98	
Debt Service Retirement.....	12,356,875.00		\$ 12,356,875.00
	\$ 21,132,883.98	\$ 8,776,008.98	\$ 12,356,875.00
TOTAL EXPENDITURES.....	\$244,621,580.78	\$232,264,705.78	\$ 12,356,875.00
UNEXPENDED ALLOTMENTS CARRIED FORWARD FOR STATE MAINTENANCE AND CONSTRUCTION:			
Primary.....	\$ 11,917,586.26	\$ 11,917,586.26	
Secondary.....	25,768,730.83	25,768,730.83	
Urban.....	7,302,188.37	7,302,188.37	
Public Service Roads.....	1,219,330.61	1,219,330.61	
Federal Aid HPS/HPR.....	758,836.79	758,836.79	

EXHIBIT "E" Continued

	Total	Current Fund	Debt Service Fund
UNEXPENDED ALLOTMENTS CARRIED FORWARD FOR STATE MAINTENANCE AND CONSTRUCTION (Cont'd.):			
Federal Aid Construction.....	\$111,707,837.24	\$111,707,837.24	
Capital Improvement Funds 1961-63	1,634.65*	1,634.65*	
Capital Improvement Funds 1963-65	384,123.84	384,123.84	
Capital Improvement Funds 1965-67	1,709,983.94	1,709,983.94	
TOTAL UNEXPENDED ALLOTMENTS CARRIED FORWARD.....	\$160,766,983.23	\$160,766,983.23	
RESERVE FUNDS CARRIED FORWARD:			
Federal Participation HPS/HPR.....	\$ 1,040,279.16	\$ 1,040,279.16	
Federal Participation Construction	16,874,671.03	16,874,671.03	
State Funds to Match Federal Funds HPS/HPR.....	261,517.67	261,517.67	
State Funds to Match Federal Funds — Construction	1,528,175.31	1,528,175.31	
State Aid to Municipalities.....	70,193.68	70,193.68	
Capital Improvement Fund 1961-63	12,887.56	12,887.56	
Capital Improvement Fund 1963-65	291,100.19	291,100.19	
Capital Improvement Fund 1965-67	493,800.00	493,800.00	
Employers Contribution to Retirement System.....	369,000.00	369,000.00	
Additional Salary Requirements.....	195,000.00	195,000.00	
Department of Motor Vehicles.....	491,156.00	491,156.00	
Appropriations in excess of Estimated Revenues 1966-67	2,940,678.00	2,940,678.00	
Debt Service.....	41,927,990.02		\$ 41,927,990.02
TOTAL RESERVES CARRIED FORWARD	\$ 66,496,448.62	\$ 24,568,458.60	\$ 41,927,990.02
Unappropriated Surplus — Prior Year	\$ 420,816.80	\$ 420,816.80	
Unappropriated Surplus from Current years operations....	3,778,565.93	3,778,565.93	
TOTAL UNAPPROPRIATED SURPLUS	\$ 4,199,382.73	\$ 4,199,382.73	
TOTAL DISPOSITION OF FUNDS.....	\$476,084,395.36	\$421,799,530.34	\$ 54,284,865.02

*Indicates Red Figures

NORTH CAROLINA STATE HIGHWAY COMMISSION
STATEMENT OF BONDED INDEBTEDNESS AND DEBT SERVICE REQUIREMENTS
FOR SECONDARY ROAD BONDS

AS OF JUNE 30, 1966

EXHIBIT "F"

Secondary Road Bonds Authorized and Issued Chapter 1250 Session Laws of 1949.....		\$200,000,000.00
Less: Bonds Retired as of June 30, 1965.....		141,000,000.00
		<hr/>
Bonds Outstanding June 30, 1965.....		\$ 59,000,000.00
Less: Bonds Retired in December 1965.....	\$ 7,400,000.00	
Bonds Retired in June 1966.....	4,000,000.00	11,400,000.00
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Bonds Outstanding June 30, 1966.....		\$ 47,600,000.00
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EXHIBIT "F" Continued

Fiscal Year	Requirements			Bonds Retired		Interest Paid During Current Fiscal Year	Bonds Outstanding
	Bonds	Interest	Total	June 30, 1965	During Current Year		
1949-50-----				As of			
1950-51-----	\$ 6,000,000.00	\$ 1,742,937.50	\$ 1,742,937.50	6,000,000.00			
1951-52-----	6,100,000.00	2,332,500.00	8,332,500.00	6,100,000.00			
1952-53-----	5,500,000.00	3,667,250.00	9,767,250.00	5,500,000.00			
1953-54-----	9,400,000.00	3,435,250.00	8,935,250.00	9,400,000.00			
1954-55-----	9,400,000.00	3,245,750.00	12,645,750.00	9,400,000.00			
1955-56-----	9,550,000.00	2,922,062.50	12,472,062.50	9,550,000.00			
1956-57-----	9,700,000.00	2,591,375.00	12,291,375.00	9,700,000.00			
1957-58-----	9,850,000.00	2,308,312.50	12,158,312.50	9,850,000.00			
1958-59-----	10,000,000.00	2,174,250.00	12,174,250.00	10,000,000.00			
1959-60-----	10,200,000.00	2,038,000.00	12,238,000.00	10,200,000.00			
1960-61-----	10,350,000.00	1,899,562.50	12,249,562.50	10,350,000.00			
1961-62-----	10,500,000.00	1,759,250.00	12,259,250.00	10,500,000.00			
1962-63-----	10,700,000.00	1,616,750.00	12,316,750.00	10,700,000.00			
1963-64-----	10,850,000.00	1,462,062.50	12,312,062.50	10,850,000.00			
1964-65-----	11,050,000.00	1,305,187.50	12,355,187.50	11,050,000.00			
1965-66-----	11,250,000.00	1,136,750.00	12,386,750.00	\$ 11,400,000.00	\$ 956,875.00		11,600,000.00
1966-67-----	11,400,000.00	956,875.00	12,356,875.00				11,800,000.00
1967-68-----	11,600,000.00	781,875.00	12,381,875.00				12,000,000.00
1968-69-----	12,000,000.00	578,187.50	12,378,187.50				12,200,000.00
1969-70-----	12,200,000.00	368,250.00	12,368,250.00				
		186,250.00	12,386,250.00				
	\$200,000,000.00	\$ 38,508,687.50	\$238,508,687.50	\$141,000,000.00	\$ 11,400,000.00	\$ 956,875.00	\$ 47,600,000.00

STATE LIBRARY OF NORTH CAROLINA



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